1. 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 8001 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 8002 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The Oklahoma Legislature hereby declares that this article shall be deemed an exercise of the police powers of the state for the advancement of Oklahoma's health, economic and social welfare.

B. Pursuant to the official certification of election returns favoring passage of State Question No. 788, Initiative Petition No. 412 on June 29th, 2018, the cultivation, manufacture, testing, transport, sale, consumption of and possession of medical marijuana and medical marijuana products by duly authorized and licensed individuals, businesses, and entities is hereby legal pursuant to the terms, conditions, and guidelines set forth in this Act and subsequent regulations.

C. Pursuant to the official certification of election returns favoring passage of State Question No. 788, Initiative Petition No. 412 on June 29th, 2018, the Oklahoma State Department of Health is hereby authorized and enabled to implement the medical marijuana program in Oklahoma, including promulgating rules concerning the issuance of license applications and establishing a reasonable fee schedule for licenses for medical marijuana patients, MMBes, medical marijuana laboratories, medical marijuana research facilities, medical marijuana education facilities, medical marijuana occupational licenses, as well as, the authority to inspect said facilities and licensee premises, establish testing and quality

control protocols, establish medical marijuana advertising and marketing guidelines, and overseeing the medical marijuana implementation program. Any power or authority not specifically enumerated is prohibited.

D. Pursuant to certification of election returns favoring passage of State Question No. 788, Initiative Petition No. 412 on June 29th, 2018, there is hereby created the Oklahoma Medical Marijuana Authority, which shall be granted all duties and privileges granted the Oklahoma State Department of Health as defined in the State Question and further defined in this Act. Any power or authority not specifically enumerated is prohibited.

E. The purpose of this Act is to ensure the health and safety of all Oklahomans and to provide reasonable and orderly regulation of medical marijuana as authorized by the lawful passage of State Question No. 788, Initiative Petition No. 412 on June 26, 2018. Only the powers enumerated under this Act shall be proper. Any power or authority not specifically enumerated is prohibited.

F. The Oklahoma Legislature further declares that it is unlawful under state law to cultivate, manufacture, distribute, transport, test, or sell medical marijuana and medical marijuana products, except in compliance with the terms, conditions, limitations, and restrictions set forth herein.

G. Any rules or regulations pertaining to the Oklahoma Medical Marijuana Program and implementation of State Question No. 788, Initiative Petition No. 412, adopted by the Board of Health for the Oklahoma State Department of Health and approved by the Governor of Oklahoma prior to passage of this Act shall be rendered moot and unenforceable unless incorporated as part of this Act.

SECTION 3. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8003 of Title 63, unless there is created a duplication in numbering, reads as follows:

As used in this Act:

1. “Acquire” or “Acquisition” means coming to possess marijuana or marijuana derived products by means of any legal source herein authorized, from an authorized source, and in accordance with this Act, and any subsequent rules;

2. “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 MMB, or to purchase particular Medical Marijuana or a Medical Marijuana Product. “Advertising” includes marketing, but does not include packaging and labeling. “Advertising” proposes a commercial transaction or otherwise constitutes commercial speech;

3. “Additive” means any substance added to Medical Marijuana or a Medical Marijuana Product that is not a common baking or cooking item;

4. “Alarm Installation Company” means a Person engaged in the business of selling, providing, maintaining, servicing, repairing, altering, replacing, moving or installing a Security Alarm System in a Licensed Premises;

5. “Applicant” means the natural person in whose name a license or license renewal or license registration would be issued, with the exception of a patient license, or any entity:

a. The natural person represents; or

b. On whose behalf the application is being submitted.

All applicants under these provisions must be at least twenty-one years of age to be eligible to be an applicant;

6. “Approved” means to be approved by the licensing authority as defined further herein;

7. “Assist” means to help a licensed patient make medical use of marijuana by enabling the medical use by any means authorized under this Act;

8. “Attestation” means a medical document that is signed by an Oklahoma board-certified physician for the use of medical marijuana approved by the state;

9. “Authority” means the Oklahoma Medical Marijuana Authority created pursuant to this Act;

10. “Authorization” means a medical document that is signed by an Oklahoma board-certified physician for the use of medical marijuana approved by the state;

11. “Batch Number” means a unique numeric or alphanumeric identifier assigned prior to testing to allow for inventory tracking and traceability;

12. “Board” means the Oklahoma Medical Marijuana Authority Board as created in this Act;

13. “Cannabidiol (“CBD”)” is a cannabinoid and the primary non-psychotropic ingredient found in marijuana, Chemical Abstracts Service Number 13956-29-1;

14. “Cannabidiolic Acid (“CBDA”)” is one of the primary cannabinoids produced on the stems, leaves and flowers of some varieties of marijuana plants;

15. “Cannabinoid” means any of the chemical compounds that are active principles of marijuana;

16. “Cardholder” means a licensed patient, a dispensary agent, a Medical Marijuana Cultivation Facility Agent, a Medical Marijuana Product Manufacturer agent, a Transportation Agent, a Medical Marijuana Testing Laboratory Agent, a Medical Marijuana Research Agent, a Medical Marijuana Education Facility Agent, or a designated caregiver;

17. “Caregiver” means a family member or paid helper who regularly looks after a homebound medical marijuana patient license holder;

18. “Child-Resistant” means special packaging that is:

a. Designed or constructed to be significantly difficult for children under five 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). Opaque so that the packaging does not allow the product to be seen without opening the packaging material; and Resealable for any product intended for more than a single use or containing multiple servings.

19. "Clone" means a non-flowering plant cut from a mother plant that is no taller than eight inches and capable of developing into a new plant;

20. "Commercial Establishment" ("Establishment") means an entity licensed under this chapter as a Medical Marijuana Dispensary, Product Manufacturer, Cultivation Facility, Research Facility, or Education Facility;

21. "Commercial License" means a license issued to a Medical Marijuana Dispensary, Product Manufacturer, Cultivation Facility, Transporter, Laboratory, Research Facility, or Education Facility.

22. "Commissioner" means the Commissioner of Health of the Oklahoma State Department of Health.

23. "Complete Application" means a document prepared in accordance with the provisions set forth in this Act, supplemental rules developed pursuant to this Act, and the forms and instructions provided by the Department, including any supporting documentation required and the applicable license application fee;

24. "Control Number" means the tracking number issued with a license to purchase medical marijuana;

25. "Cultivation Facility Agent" means an employee, supervisor, key employee or agent of a licensed Medical Marijuana Cultivation Facility who works at said Facility and has registered with the Department under this Act;

26. “Denied Applicant” means any Person whose application for licensure pursuant to this Act has been disapproved or denied by the Department, local licensing authority, or Authority;

27. “Department” means the Oklahoma State Department of Health;

28. “Designated caregiver” means a person who is at least twenty-one (21) years of age, has not been convicted of an excluded violent crime, has agreed to assist a physically disabled licensed medical marijuana patient with the medical use of marijuana and who has registered with the Department. A designated caregiver includes, without limitation, a parent of a licensed patient who is under the age of eighteen (18) years of age and is required to register as a designated caregiver under this Act;

29. “Device” means all equipment, products and materials of any kind which are used, intended for use or fashioned specifically for use in planting, propagating, cultivating, growing, harvesting, manufacturing, compounding, converting, producing, processing, preparing, testing, analyzing, packaging, repackaging, storing, containing, concealing, injecting, ingesting, inhaling, smoking or otherwise introducing medical marijuana into the human body;

30. “Director” means the Executive Director of the Oklahoma Medical Marijuana Authority;

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

32. “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 Cultivation Facility or Medical Marijuana

Product Manufacturer and sell medical marijuana or medical marijuana products only to qualified patients and caregivers as defined under this Act. A dispensary cannot be co-located with any other business entity other than a Medical Marijuana Cultivation Facility or Medical Marijuana Product Manufacturer. A Dispensary may only sell or otherwise offer medical marijuana, medical marijuana products, medical marijuana devices, and in-house branding or marketing materials;

33. "Dispensary Agent" means an employee, supervisor, volunteer or agent of a Medical Marijuana Dispensary who works at the Dispensary and has registered with the Department or Authority under this Act or an owner, officer or board member of a dispensary who has registered with the Department or Authority under this Act.

34. "Dispensary Manager" means a person who is knowledgeable in the specialized functions of medical marijuana and medical marijuana product handling, preparation and dispensing, including the safety standards and quality assurance procedures. This knowledge may be obtained through training programs, previous experience in a medical marijuana dispensary, or as evidenced by having a current status as a licensed healthcare professional. A Dispensary Manager shall not be required to possess a medical or professional degree or affiliated licensure, including but not limited to formal certification or licensure as a Doctor of Medicine, Doctor of Osteopathy, Pharmacy, Podiatry, Ophthalmology, or any other specific field of medicine or science.

35. "Disqualifying Felony Conviction" means:

a. Any non-violent felony conviction within two (2) years of submitting an application for commercial licensure to the Department or Authority;

b. Any violent felony conviction for an offense listed in Title 57 O.S. Section 571(2) within five years of submitting an application for commercial licensure to the Department or Authority;

c. Any violent felony conviction for which the sentence, including any terms of supervised or unsupervised probation, have not been completed at the time application is submitted for commercial licensure to the Department or Authority;

d. Any misdemeanor conviction which requires the convicted person to be incarcerated at the time application is made for commercial licensure to the Department or Authority;

36. "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;

37. "Entity" means an individual, general partnership, limited partnership, limited liability company, trust, estate, association, corporation, cooperative, or any other legal or commercial entity;

38. "Excluded violent crime" means:

a. A violent crime as provided for in Title 57 O.S. Section 571, provided, however, an offense that has been sealed by a court or for which a pardon has been granted is not considered an excluded violent crime; or

b. A violation of a state or federal controlled dangerous substance law that was classified as a felony in the jurisdiction where the person was convicted, but shall not include:

c. An offense for which the sentence, including any term of probation, incarceration or supervised release, was completed five (5) or more years earlier, or

d. An offense that has been sealed by a court or for which a pardon has been granted;

39. "Exit Package" means an opaque bag or other similar opaque covering provided at the point of sale, in which medical marijuana or medical marijuana product already in a container is placed. If medical marijuana flower, trim or seeds are placed in to a container

that is not child-resistant, then the exit package must be child-resistant.

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

41. "Final Agency Order" means an Order of the Department or Authority issued in accordance with this Act and the Oklahoma Administrative Procedures Act. The Department will issue a Final Agency Order following review of the Initial Decision and any exceptions filed thereto or at the conclusion of the declaratory order process. A Final Agency Order is subject to judicial review;

42. "Finished Marijuana" means post-harvest medical marijuana including flower and trim that has been harvested for more than ninety (90) days or that has completed the curing and drying process according to the Cultivation Facility's written standard operating procedures that were last submitted to the Department. Standard operating procedures for curing and drying may provide a curing and drying period that is longer than 90 days but any such period must be commercially reasonable and shall not exceed twelve (12) months. Among other factors, the Department may consider the Cultivation Facility's prior years' business transactions to determine whether the standard operating procedures are commercially reasonable;

43. "Flammable Solvent" means a liquid that has a flash-point below 100 degrees Fahrenheit;

44. "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;

45. "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 cooking fats;

46. "Good Cause" for purposes of an initial, renewal or reinstatement license application or certification, or for purposes of discipline of a license or certification, 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 to it, 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 Department, Authority, or local licensing authority; or

c. The Licensee's or the Applicant's licensed premises 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.

47. "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 at the same location and cured under uniform conditions;

48. "Harvested Marijuana" means post-flowering medical marijuana not including trim, concentrate or waste that remains on the premises of the Medical Marijuana Cultivation Facility or its storage location beyond sixty (60) days from harvest;

49. "Hazardous Materials" means materials, whether solid, liquid or gas, which are toxic to human, animal, aquatic or plant life, and the disposal of which materials is controlled by state or federal guidelines;

50. "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 and/or pressure. The method of extraction may be used by only a Medical

Marijuana Products Manufacturer and can be used alone or on a Production Batch that also includes Water Based Medical Marijuana Concentrate or Solvent Based Medical Marijuana Concentrate;

51. "Homebound" means a patient cannot leave home without demonstrated considerable and taxing effort;

52. "Identity Statement" means the name of the business as it is commonly known and used in any advertising;

53. "Immature Plant" means a nonflowering medical marijuana plant that is no more than ninety (90) days old and has not demonstrated signs of flowering.

54. "Industrial Hemp" means a plant of the genus Cannabis and any part of the plant, whether growing or not, containing a delta-9 tetrahydrocannabinol (THC) concentration of no more than three-tenths of one percent (0.3%) on a dry weight basis;

55. "Industrial Hygienist" means an individual who has obtained a baccalaureate or graduate degree in industrial hygiene, biology, botany, chemistry, engineering, physics, or a closely related physical or biological science from an accredited college or university;

a. The special studies and training of such individuals shall be sufficient in the cognate sciences to provide the ability and competency to:

i. Anticipate and recognize the environmental factors and stresses associated with work and work operations and to understand their effects on individuals and their well-being;

ii. Evaluate on the basis of training and experience and with the aid of quantitative measurement techniques the magnitude of such environmental factors and stresses in terms of their ability to impair human health and well-being;

iii. Prescribe methods to prevent, eliminate, control or reduce such factors and stresses and their effects.

b. Any individual who has practiced within the scope of the meaning of industrial hygiene for a period of not less than five years immediately prior to July 1, 1997, is exempt from the degree requirements set forth in the definition above;

c. Any individual who has a two-year associate of applied science degree in environmental science from an accredited college or university in addition to not less than four years practice immediately prior to July 1, 1997, within the scope of the meaning of industrial hygiene is exempt from the degree requirements set forth in the definition above.

56. "Initial Decision" means a decision of a hearing officer in the Department or Authority following a licensing, disciplinary, or other administrative hearing;

57. "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 MMB or used in a Research Project by a Licensed Research Business;

58. "Inventory Tracking System Trained Administrator" means an Associated Key Licensee of an MMB or an occupationally licensed employee of an MMB, each of whom as attended and successfully completed Inventory Tracking System training and has completed any additional training required by the Department or Authority;

59. "Inventory Tracking System User" means an Associated Key Licensee of a Medical Marijuana Business or an occupationally licensed Medical Marijuana Business employee who is granted Inventory Tracking System User account access for the purposes of conducting inventory functions in the Inventory Tracking System. Each Inventory Tracking System User must have been successfully trained by an Inventory Tracking System Administrator in the proper and lawful use

of the Inventory Tracking System, and who has completed any additional training required by the Department or Authority;

60. "ISO/IEC 17025" means the Internal Organization of Standards/International Electrotechnical Commission standards 17025 that is published by the International Organization for Standardization and the International Electrotechnical Commission and included as a standard in general requirements for the competence of testing and calibration laboratories.

61. "Key License" means an Occupational License for an individual who performs duties that are central to the Medical Marijuana Business operation. An individual holding a Key License has the highest level of responsibility and may include, but is not limited to, managers;

62. "Laboratory Agent" means an employee, supervisor or agent of a laboratory who works at a Medical Marijuana Testing Laboratory and has registered with the Department or Authority;

63. "Licensed patient" or "patient" means a person who has been issued a medical marijuana patient license by the Department or Authority and has been added to the medical marijuana use registry by a qualified and certified physician. There shall be no restrictive list of qualifying medical conditions that limit a patient's ability to receive a medical marijuana patient license.

64. "Licensed Premises" means the premises specified in an application for a license pursuant to this Act that are owned or in possession of a Medical Marijuana Business 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 subsequent rules;

65. "Licensed Research Business" means a Medical Marijuana Research Facility;

66. “Licensee” means any natural born person or entity that holds a medical marijuana license provided for in this Act, excluding inmates of the Oklahoma Department of Corrections;

67. “Limited Access Area” means a building, room, or other contiguous area upon the licensed premises where medical marijuana is grown, cultivated, stored, weighed, packaged, transferred, or processed for transfer, under control of the licensee;

68. “Limit of Detection (“LOD”)” means the lowest quantity of substance that can be distinguished from the absence of that substance (a blank value) within a stated confidence limit (generally 1%);

69. “Limit of Quantitation (“LOQ”)” means the lowest concentration at which the analysis cannot be reliably detected but at which some predefined goals for bias and imprecisions are met;

70. “Liquid Edible Medical Marijuana Infused Product” means an Edible Medical Marijuana Infused Product that is a liquid beverage or liquid food-based product for which the intended use is oral consumption, such as a soft drink or cooking sauce;

71. “Lineage” means the lineal descent of a cannabis plant from an ancestor;

72. “Local Licensing Authority” means an authority designated by a municipal or county charter, ordinance, or resolution, or the governing body of a municipality, city and county, or the board of county commissions of a county if no such authority is delegated;

73. “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.

74. “Marijuana” means Medical Marijuana, all parts of the Cannabis plant, whether growing or not, the seeds thereof, the resin extracted from any part of such plant and every compound, manufacture, salt, derivative, mixture or preparation of such plant, its seeds or resin, but shall not include the mature stalks of the plant, fiber produced from the stalks, oils or cake made from the seeds of the plant, or any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks, except the resin extracted from the mature stalks, fiber, oil or cake of the sterilized seed of the plant that is incapable of germination;

75. “Material Change” means any change that would require a substantive revision to a licensee’s standard operating procedures for the cultivation or production of medical marijuana, concentrate, or medical marijuana products;

76. “Mature Plant” means a harvestable female marijuana plant that is flowering. Mature plants are not authorized under this section prior to sixty (60) days after the enactment of this Act. There shall be no THC content restrictions for mature or immature plants;

77. “Medicaid” means the federal program which is also commonly known as “Soonercare”;

78. “Medical Marijuana” means marijuana that is grown and sold pursuant to this Act and includes seeds and immature plants. Unless the context otherwise requires, medical marijuana concentrate is considered medical marijuana and is included in the term medical marijuana as used in this Act,

79. “Medical Marijuana Business” or “MMB” means a licensed Dispensary, Product Manufacturer, Cultivation Facility, Laboratory, Medical Marijuana Business Operator, or a Transporter;

80. “Medical Marijuana Business Operator” means an entity that holds a registration or license from the Department or Authority to

provide professional operational services to one or more Medical Marijuana Businesses, other than Licensed Research or Education Businesses, for direct renumeration from the Medical Marijuana Business, which may include compensation based upon a percentage of the profits of the Medical Marijuana Business being operated. A Medical Marijuana Business Operator may contract with Medical Marijuana Business to provide operational services. A Medical Marijuana Business Operator's contract with a Medical Marijuana Business does not in and of itself constitute ownership. This act and subsequent rules apply to all Medical Marijuana Business Operators regardless of whether such operator holds a registration or license. Any reference to "license" or "Licensee" shall mean "registration" or "registrant" when applied to a Medical Marijuana Business Operator that holds a registration issued by the Department or Authority;

81. "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/pressure based medical marijuana concentrate;

82. "Medical Marijuana Cultivation Facility" or "Cultivator" means an entity licensed to cultivate, prepare, and package medical marijuana and transfer or contract for transfer medical marijuana to a Dispensary, Product Manufacturer, any other Cultivator, Education Facility, Research Facility, and Pesticide Manufacturers, but not directly to patients or any unauthorized individual or entity;

83. "Medical Marijuana Cultivation Nursery" or "Nursery" means an entity licensed to cultivate, prepare and package medical marijuana seeds, seed stock, and immature plants and transfer or contract for transfer medical marijuana seeds, seed stock, and immature plants to a Dispensary, Cultivation Facility, Education

Facility, Research Facility, Pesticide Manufacturers, and directly to licensed patients or their authorized primary caregiver;

84. "Medical Marijuana Dispensary" or "Dispensary" means an entity that is licensed pursuant to this Act to operate a business as described herein, and that sells medical marijuana and medical marijuana products to registered patients or primary caregivers as defined herein, but is not a primary caregiver;

85. "Medical Marijuana Dispensary Operator" means an entity that holds a license from the Department to provide professional operational services to one or more Dispensaries for direct renumeration from the Dispensary, which may include compensation based upon a percentage of profits of the Dispensary being operated. A Medical Marijuana Dispensary Operator contracts with a Dispensary to provide operational services. A Medical Marijuana Dispensary Operator's contract with a Dispensary does not in and of itself constitute ownership;

86. "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 herein. Medical marijuana, medical marijuana infused products, or medical marijuana products may only be transferred, sold, shared, or gifted to a Research Facility;

87. "Medical Marijuana Infused Product" means a product infused with medical marijuana that is intended for use or consumption other than by smoking, 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 Food and Drug Act, Title ___ Section ____.

88. “Medical Marijuana 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, tinctures, liquids, and forms administered by a nebulizer, excluding live plant forms which are considered medical marijuana;

89. “Medical Marijuana Product Manufacturer” or “Product Manufacturer” means a person licensed pursuant to this Act to operate a business involving the production, manufacture, extraction, processing, packaging, or creation of Concentrate, Medical Marijuana Infused Products or Medical Marijuana Products as described herein;

90. “Medical Marijuana Research Facility” or “Research Facility” means a person approved pursuant to this Act to conduct medical marijuana research. A Research Facility is not a Medical Marijuana Business;

91. “Medical Marijuana Testing Laboratory” or “Laboratory” means a public or private laboratory licensed and certified, or approved pursuant to this Act, to conduct testing and research on medical marijuana and medical marijuana products;

92. “Medical Marijuana Transporter” or “Transporter” means a person that is licensed and certified, or approved pursuant to this Act to transport medical marijuana, medical marijuana concentrate, or medical marijuana products from one Medical Marijuana Business to another Medical Marijuana Business, Research Facility, Education Facility, and to temporarily store the transported medical marijuana or medical marijuana products at its licensed premises, but is not authorized to sell, give away, buy, or receive complimentary medical marijuana or medical marijuana products. 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 said property is another licensed premise of the same Medical Marijuana Business;

93. "Medical Marijuana Use Registry" or "registry" means the secure, electronic, and online database which provides a vehicle for the management of all medical marijuana program information and requirements for physicians, patients, caregivers, and the Department or Authority. It must also be:

a. Accessible to qualified physicians, state and local law enforcement agencies to verify the authorization of a qualified patient or a caregiver to possess medical marijuana, medical marijuana products, or a marijuana delivery device and record the medical marijuana or device dispensed;

b. Accessible to practitioners licensed to prescribe prescription drugs to ensure proper care for patients before medications that may interact with medical use of marijuana are prescribed or recommended; and

c. Must prevent an active registration of a qualified patient by multiple physicians

94. "Medical Marijuana Waste" or "waste" means unused, surplus, returned or out-of-date marijuana; recalled marijuana; unused marijuana; plant debris of the plant of the genus cannabis, including dead plants and all unused plant parts and roots; and any wastewater;

95. "Medical Purpose" means an intention to utilize medical marijuana or medical marijuana products for physical or mental health treatment, for diagnosis or for the prevention of a disease condition not in violation of any state law;

96. "Medical Use" means the acquisition, possession, use, delivery, transfer or transportation of medical marijuana, medical marijuana products, or medical marijuana devices or paraphernalia

relating to the administration of medical marijuana to treat a licensed patient;

97. "Monitoring" means the continuous and uninterrupted attention to potential alarm signals that could be transmitted from a Security Alarm System located at a Medical Marijuana Business Licensed Premises, for purposes of summoning law enforcement officers to the premises during alarm conditions;

98. "Monitoring Company" means a Person in the business of providing monitoring services for a Medical Marijuana Business;

99. "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 Product Manufacturer or Dispensary;

100. "Multiple-Serving Edible Medical Marijuana Product" means an Edible Medical Marijuana Product unit for sale to consumers containing more than 10 milligrams ("mg") of active THC and no more than 100 milligrams of active THC. If the overall Edible Medical Marijuana Product unit for sale to the patient consists of multiple pieces where each individual piece may contain less than 10 mg of active THC, yet in total all pieces combined within the unit for sale contain more than 10mg of active THC, then the Edible Medical Marijuana Product shall be considered a Multiple-Serving Edible Medical Marijuana Product;

101. "Notice of Denial" means a written statement from the Department articulating the reasons or basis for denial of a license application;

102. "Occupational License" means a license granted to an individual pursuant to this Act. An Occupational License may be an Associated Key License, a Key License, or a Support License;

103. “Oklahoma board-certified physician” or “qualified physician” means a physician or doctor as defined in Title 59 O.S. Section 725.2(A)-(C).

104. “Oklahoma Resident” means an individual who can provide proof of residency as required by OAC 310:681-1-6;

105. “Opaque” means that the packaging does not allow the product to be seen without opening the packaging material;

106. “Order to Show Cause” means a document from the Department or Authority alleging the grounds for imposing discipline against a Licensee’s license;

107. “Out-of-State Medical Marijuana License” means an unexpired medical marijuana patient license issued by another U.S. State, which is the substantial equivalent of the Oklahoma medical marijuana patient license issued pursuant to this Act;

108. “Owner” means, except where the context otherwise requires and as further defined and described herein, 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 of 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;

i. Any other person holding an interest in any entity which owns, operates, or manages commercial facility;

109. "Package" or "Packaging" means any container or wrapper that a may be used by a Medical Marijuana Business to enclose or contain medical marijuana;

110. "Patient" or "Qualified Patient" means a person that has been properly issued a medical marijuana patient license pursuant to this Act;

111. "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;

112. "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;

113. "Plant material" means the leaves, stems, buds, and flowers of the marijuana plant, and does not include seeds, seedlings, clones, stalks, or roots of the plant or the weight of any non-marijuana ingredients combined with marijuana;

114. "Principal Display Panel" means the part of a label on a package or container that is most likely to be displayed, presented, shown or seen under customary conditions of display for sale or transfer

115. “Principal Officer” means the governing person(s) of a given entity, including but not limited to: Limited Liability Company member/manager, president, vice president, secretary, treasurer, CEO, director, partner, general partner, or limited partner;

116. “Private Business Information” means information that if disclosed would give advantage to competitors or bidders including, but not limited to, information related to the plans of an applicant, site location, operations, strategy or product development and marketing unless approval for release of these records is granted by the business entity;

117. “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;

118. “Professional Engineer” means an individual who is licensed as a professional engineer by the State of Oklahoma;

119. “Proficiency Testing” means an assessment of the performance of a Testing Facility’s methodology and processes. Proficiency Testing is also known as inter-laboratory comparison. The goal of Proficiency Testing is to ensure results are accurate, reproducible, and consistent;

120. “Propagation” means the reproduction of medical marijuana by seeds, cutting or grafting;

121. “Proper Identification” means a motor vehicle operator’s license or other official state issued identification that contains a photograph of the applicant and includes the residential or mailing address of the purchaser, other than a post office box;

122. “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 public institutions of higher education or related research institutions;

123. “Public Money” means any funds or money obtained by the holder from any governmental entity, including but not limited to research grants;

124. “RFID” means Radio Frequency Identification;

125. “Recommendation” means a medical document that is signed by a qualified physician on behalf of a qualified patient for the use of medical marijuana pursuant to this Act;

126. “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, Oklahoma Tax Commission and the Internal Revenue Service;

127. “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;

128. “Resealable” means that the container maintains its child-resistant effectiveness for multiple openings;

129. “Research Project” means a discrete scientific endeavor to answer a research question or set of research questions related to medical marijuana and is required for successful licensure as a Medical Marijuana Research License. A Research Project must include a description of a defined protocol, clearly articulated goals, defined methods and outputs, and a defined start and end date. The description must demonstrate that the Research Project will comply with all requirements in this Act and rules promulgated thereunder. All research and development conducted by a Medical Marijuana

Research Licensee must be conducted in furtherance of an approved Research Project;

130. "Resident" means an individual who can provide proof of residency as required herein, excluding inmates in the custody of the Department of Corrections;

131. "Respondent" means a person who has filed a petition for declaratory order that the Department has determined needs a hearing or legal argument or a Licensee who is subject to an Order to Show Cause;

132. "Revocation" means the Department final decision that any license issued pursuant to this Act is rescinded because the individual or entity does not comply with the applicable requirements set forth herein or supplemental rules promulgated hereunder;

133. "School" means a public or private preschool or a public or private elementary, middle, junior high, or high school facility used for student instruction. A homeschool does not qualify a School as used in this Act.

134. "Security Alarm System" means a device or series of devices, intended to summon law enforcement personnel during, or as a result of, an alarm condition. Devices may include hard-wired systems and systems interconnected with a radio frequency method such as cellular or private radio signals that emit or transmit a remote or local audible, visual, or electronic signal; motion detectors, pressure switches, duress alarms; panic alarms; and hold-up alarms;

135. "Seedling" means a marijuana plant with no flowers;

136. "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 Research Facility or a Education Facility;

137. “Single-Serving Edible Medical Marijuana Product” means an Edible Medical Marijuana Product unit for sale to consumers containing no more than 10mg of active THC;

138. “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 this Act or the Department or the Authority;

139. “Standardized Graphic Symbol” means a graphic image or small design adopted by a Licensee to identify its business;

140. “State” means the State of Oklahoma or any other state of the United States;

141. “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;

142. “Strain” means the classification of marijuana plants in either pure sativa, indica afghanica, ruderalis, or hybrid varieties;

143. “Support License” means a license for an individual who performs duties that support the Medical Marijuana Business operations. A Support Licensee is a Person with less decision-making authority than a Key Licensee and who is reasonably supervised by a Key Licensee or an Associated Key Licensee. Examples of individuals who need this type of license include, but are not limited to, sales clerks or cooks;

144. “THC” means tetrahydrocannabinol, which is the primary psychotropic cannabinoid in marijuana formed by decarboxylation of naturally THCA, which generally occurs by exposure to heat.

145. “THCA” means tetrahydrocannabinolic acid;

146. “Test Batch” means with regard to usable marijuana, a homogenous, identified quantity of usable marijuana 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 it is manufactured, packaged and labeled during a specified time period according to a single manufacturing,, packaging and labeling protocol;

147. "Tetrahydrocannabinol content" or "THC Content" means the sum of the amount of THC present in the product or plant material;

148. "THC Content Container Restriction" means each individually packaged Edible Medical Marijuana Product, even if comprised of multiple servings, may include no more than a total of 100 milligrams of active THC;

149. "Universal Symbol" means the image established by the Department or Authority and made available to Licensees through its website indicating the medical marijuana or medical marijuana product contains marijuana;

150. "Unrecognizable" means marijuana or cannabis plant material rendered indistinguishable from any other plant material;

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

152. "Vegetative" means the state of the marijuana plant during which plants do not produce resin or flowers and are bulking up to a desired production size for flowering;

153. "Written certification" means a document, not a medical prescription, signed by a qualified physician stating that in the professional opinion of the physician, after having completed an assessment of the medical history of the patient and current medical condition made in the course of a physician-patient relationship, the patient has a medical condition that can be treated, minimized or relieved by the use of medical marijuana or medical marijuana

products, and the use of medical marijuana would not cause a significant health risk to the patient;

154. "Water-Based Medical Marijuana Concentrate" means a medical marijuana concentrate that was produced by extracting cannabinoids from medical marijuana through the use of only water, ice, or dry ice;

SECTION 4. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8004 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created the Oklahoma Medical Marijuana Authority, which shall address issues related to the medical marijuana program in Oklahoma including, but not limited to, promulgating rules relating to the issuance of patient licenses, MMB licenses, occupational licenses, establishing a reasonable fee schedule for licenses and inspections to be adjusted accordingly to account for economic and market factors, the dispensing, cultivating, processing, testing, transporting, storage, research, use of and sale of medical marijuana pursuant to this Act.

B. The Authority shall be initially developed by the Department but shall become its own agency with rights and responsibilities similar to all other state agencies and departments and specifically granted enabling authority pursuant to this Act:

1. On or before December 1, 2018; or

2. If the Board of Health for the Oklahoma State Department of Health is prevented from exercising its rulemaking authority by statute, executive order, litigation, or by virtue of federal intervention.

C. Upon the occurrence of either event described in Section 4(B)(a)&(b) of this Act, within five (5) days, the Governor shall sign an executive order establishing the Authority as a separate state agency independent of the Department.

D. The Department shall provide support staff to perform designated duties of the Authority. The Department shall also provide space for meetings of the Authority.

E. The Department shall promulgate rules and regulations governing the medical marijuana program as it deems necessary to carry out its duties, consistent with the clear language of the voter approved State Question No. 788, Initiative Petition No.412, subject to the provisions of this Act. The Authority shall adopt any rule promulgated by the Department prior to its establishment as a separate state agency, with the exception of any rule directly conflicting with the plain language of the State Question.

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

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. The Department shall contract with a third-party vendor for Program Management in order to carry out the respective duties and functions as specified in this Act. The Department shall contract with a third-party vendor to provide essential day-to-day medical marijuana program management, relationship management, and will serve as the central point of contact for the Department for this program. The vendor will act as the key point of contact for the Department and will work in partnership with the Department to complete a medical marijuana program communications plan. The communications

plan shall include monthly program status reports to the appropriate contact from the Department based on mutually agreed upon requirements. The selected vendor must have experience performing similar functions for a medical marijuana statewide regulatory program. The Department may not contract with any vendor providing commercial services to MMB's either directly, through affiliates, or any joint venture or subsidiary.

3. The Department shall contract with a third-party vendor to provide a call center operation supporting the medical marijuana program. The call center will respond to calls by patients, physicians, caregivers, law enforcement agencies, qualified physicians, and MMB's seeking information regarding the program and its components. The Department will require that the call center respond to calls from applicants regarding the status of their application and their patient identification card as further defined in this Act. The Department will develop scripts along with the third-party vendor to ensure consistency and clarity in support of this constituency. The Department will require that the call center must respond to calls in at least the following languages: English and Spanish.

4. Hear and determine at a public hearing any contested license denial and any complaints against a licensee.

5. 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 Board and any other statutory and regulatory laws regarding marijuana.

6. Enter into agreements with the Oklahoma State Bureau of Investigation ("OSBI")and state and local law enforcement agencies for conducting investigations, background checks, identification or registration, or any combination thereof, of licensed operators and

employees in licensed premises, which conduct shall include, but not be limited to, performing background investigations and criminal record checks on an applicant applying for licensure and investigating violations of any rule or regulation promulgated by the Board. Nothing in this paragraph shall prevent or impair the OSBI or state or local law enforcement agencies from engaging in the activities set forth in this paragraph on their own initiative.

7. To issue temporary or permanent licenses to those involved in the ownership of, participation in, or conduct of medical marijuana.

8. Upon complaint, or upon its own motion, levy fines and to suspend or revoke licenses issued pursuant to this Act.

9. Obtain all information from licensees and other persons and agencies that the Board deems necessary or desirable in the conduct of business.

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

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

12. Inspect and examine with reasonable all premises wherein medical marijuana is cultivated, manufactured, sold, stored, transported, tested or distributed.

13. Any property or property interest that is possessed, owned or used in connection with the medical use of marijuana or acts incidental to such use, shall not be harmed, neglected, injured or destroyed while in the possession of the Department or its designee, where such property has been seized in connection with the claimed medical use of marijuana. Any such property or property interest shall not be forfeited without conviction of a criminal offense and

pursuant to state or federal law providing for such forfeiture. Medical marijuana and medical marijuana devices seized by state or local law enforcement officials from a patient or caregiver in connection with the claimed medical use of marijuana shall be returned immediately upon the determination of the district attorney or his or her designee that the patient or caregiver is entitled to the protection contained in this paragraph as may be evidenced, for example, by a decision not to prosecute, the dismissal of charges or acquittal.

14. Work with the Oklahoma State Banking Department and the State Treasurer to develop good practices and standards for banking and finance for MMB's.

15. Enter into contracts with any governmental entity to carry out its duties.

16. Exercise such other incidental powers as may be necessary to ensure the safe and orderly regulation of medical marijuana and the secure collection of all revenues, taxes and license fees.

17. Establish internal control procedures for licenses, including accounting, procedures, reporting procedures and personnel policies.

18. Establish a fee schedule for and collect fees for performing background checks on all applicants for licenses and on all persons with whom the Board may agree with or contract with for providing goods or services, as the Board deems appropriate. The minimum fee shall be Fifty Dollars ($50.00).

19. Require verification of income and all other matters affecting the enforcement of the policies of the Board or any provision of this section.

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

21.In cooperation with the medical community and cannabis industry association, conducting ongoing economic, market, and patient data analysis and management to allow the Board to limit, expand, halt, proceed, and further define the number, scope, and application and inspection fees for all licenses issued pursuant to this Act.

22. Contract with third party vendors for the creation and management of any systems authorized under this Act, including but not limited to, patient registries, physician recommendation management databases, inventory tracking systems, revenue reporting programs, application review and management programs, and any other program as necessary.

SECTION 5. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8005 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Pursuant to the certification of election returns favoring passage of State Question No. 788, Initiative Petition No.412, there is hereby created the Oklahoma Medical Marijuana Authority Governing Board ("Board"), within the Department, until the Authority becomes an independent agency pursuant to this Act.

B. The Board shall consist of nine (9) voting members all of whom shall be citizens of the United States and residents of the State of Oklahoma for the past five (5) years.

C. The members of the Board shall be determined and appointed as follows:

1. One member of the Board shall be the Commissioner of the State Department of Health or a designated representative determined by the Commissioner;

2. One member of the Board shall be the President of the Oklahoma State Board of Medical Licensure and Supervision or a designated representative from the Oklahoma State Board of Medical Licensure and Supervision and shall have been admitted to practice medicine for not less than five (5) years) and shall be a qualifying physician participating in the Oklahoma Medical Marijuana Program;

3. One member of the Board shall be the Commissioner of the Oklahoma State Department of Agriculture, Food, and Forestry or a designated representative from the Commissioner of Agriculture with experience in production agriculture, preferably participation in Oklahoma's hemp or medical marijuana program;

4. Two members of the Board shall be appointed by the Speaker of the Oklahoma House of Representatives. Two members shall be appointed by the President of the Oklahoma Senate. One member shall be appointed by the House Minority Party Leader. One member shall be appointed by the Senate Minority Leader. These six (6) appointments shall consist of individuals representing the stakeholders in the medical marijuana industry. At least two of the appointments must include a medical marijuana patient licensee or primary caregiver. These appointments shall consist of individuals who qualify as:

a. A medical marijuana patient licensee or licensed caregiver;

b. A medical marijuana cultivation facility licensee;

c. A medical marijuana dispensary licensee;

d. A medical marijuana products manufacturer licensee;

e. A medical marijuana testing laboratory licensee;

f. A medical marijuana transporter licensee;

g. A representative from the cannabis industry association.

5. The terms of office of the initial members appointed to the Board shall be as follows:

a. Five members shall serve until June 30, 2020; and

b. Four members shall serve until June 30, 2022.

6. All subsequent appointments shall be for terms of four (4) years. Members of the Board shall not serve more than two consecutive terms.

7. Appointed members who serve on the Board shall be exempt from dual-office-holding prohibitions pursuant to Section 6 of Title 51 of the Oklahoma Statutes.

8. Any vacancy on the Board shall be filled for the unexpired term in the same manner as the original appointment. The member appointed to fill such vacancy shall be from the same category described as the member vacating the position.

9. The term of any member of the Board who misses more than two consecutive regular Board meetings without good cause is terminated and such member's successor shall be appointed in the manner provided for appointments under this section.

10. Board members may receive compensation for their services and shall be reimbursed for necessary travel and other reasonable expenses incurred in the performance of their official duties.

11. Prior to confirmation, each member shall file with the Secretary of State a financial disclosure statement in the form required and prescribed by the Department. Each member shall renew the statement by January 1st of each year.

12. A chair and vice chair shall be elected annually from the membership of the Board. A majority of voting Board members shall

constitute a quorum, but the concurrence of a majority of the members appointed to the Board is required for any final determination by the Board.

13. The Board shall hold at least one meeting each quarter and additional meetings as may be prescribed by rules of the Board. In addition, special meetings may be called by the Executive Director of the Authority, any four Board members or chair, if written notification of such meeting is delivered to each member at least seventy-two (72) hours prior to such meeting. In emergency situations in which a majority of the Board certifies that exigencies of time require that the Board meet without delay, the requirements of public notice and seventy-two (72) hours of actual advance written notice to members may be dispensed with and Board members, as well as the public, shall receive such notice as is reasonable under the circumstances.

14. The Board shall keep complete and accurate records of all of its meetings.

15. The Board shall act in accordance with the provisions of the Oklahoma Open Meeting Act, the Oklahoma Open Records Act and the Oklahoma Administrative Procedures Act.

SECTION 6. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8006 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The Authority, in conjunction with the Department, shall employ an Executive Director and other personnel as necessary to assist the board in carrying out its duties. The Executive Director shall devote his or her full time to the duties of the office and shall not hold any other office or employment.

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

1. The Authority shall not employ an individual who has a direct or indirect interest in a licensed MMB.

2. The individual or his or her spouse, parent, child, child's spouse, sibling, or spouse of a sibling has an application for a license pending before the Department or is a member of the board of directors of, or an individual financially interested in, any licensee or MMB.

C. Each member of the Authority, the executive director, and each key employee as determined by the Authority or Department shall file with the governor a financial disclosure statement listing all assets and liabilities, property and business interests, and sources of income of the member, executive director, and key employee and his or her spouse, if any, affirming that the member, executive director, and key employee are in compliance with this Act. The financial disclosure statement shall be made under oath and filed at the time of employment and annually thereafter. This provision shall not apply to members of the Department appointed by virtue of their role in the medical marijuana industry.

D. Each employee of the Authority shall file with the Authority a financial disclosure statement listing all assets and liabilities, property and business interests, and sources of income of the employee and his or her spouse. This subsection does not apply to the executive director or a key employee.

E. The Executive Director shall have been a qualified elector of the state for at least five (5) years prior to employment in this position, shall be at least thirty-five (35) years old and cannot have been convicted of a felony. The Executive Director may be removed by the Authority for cause after notice and hearing. A successor to an Executive Director who dies, resigns or is removed from office shall be hired in the same manner as provided in this section.

F. The Executive Director shall prepare in writing a manual of all employee positions for the Authority including, but not limited to, job classifications, seniority status, personnel qualifications, duties, maximum and minimum salary schedules and other personnel information as approved by the Board. The Executive Director may select, appoint and employ such accountants, attorneys, auditors, inspectors, examiners, clerks, secretaries and other personnel as the Executive Director deems necessary for the proper administration of the Authority and any other statutory duties of the Executive Director.

G. 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. All future appointees to such positions shall be in the exempt unclassified service. Officers and employees of the Authority shall not be terminable except for cause as defined by the Board.

H. 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.

I. The Executive Director and all other personnel shall, before entering upon the discharge of their duties, take and subscribe to the oath of office required of state officers as provided by Section 36.2A of Title 51 of the Oklahoma Statutes.

J. The Executive Director shall adopt an appropriate seal as the Seal of the Oklahoma Medical Marijuana Authority.

K. Every certificate, assignment and conveyance executed by the Executive Director, in pursuance of the authority conferred upon the Executive Director by law and sealed with the seal of the Authority, shall be received in evidence and recorded in the proper recording offices in the same manner as a deed regularly acknowledged, as required by law.

L. Whenever it is necessary for the Executive Director to approve any instrument or to affix the official seal thereto, the Executive Director may charge a fee for affixing the approval of the Executive Director or the official seal to such instrument. Copies of all records and papers in the office of the Authority, certified by the Executive Director and authenticated by the seal, shall be received in evidence in all cases equally and of like effect as the original. Whenever it is proper to furnish a copy of any paper filed in the Authority or to certify such paper, the Executive Director may charge a fee for furnishing such copy, for affixing the official seal on such copy or for certifying the same.

M. The Executive Director shall be authorized to suggest rules and regulations governing the oversight and implementation of this Act.

N. Duties of Executive Director:

1. The Department may delegate an act required to be performed by the Department related to the day-to-day operation of the Authority to the Executive Director.

2. The Director may authorize Authority employees to perform tasks delegated from the Department.

O. The Authority is hereby enabled 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 to it. Make arrests, with or without warrant, for any violation of the Medical Code, any rules promulgated pursuant to it, Article 18 of Title 18, C.R.S., any other

laws or regulations pertaining to Medical Marijuana in this state, or any criminal law of this state, if, during an officer's exercise of powers or performance of duties pursuant to the Medical Code, probable cause exists that a crime related to such laws has been or is being committed;

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. Inspect, examine, or investigate any premises where the Licensee’s Medical Marijuana, Medical Marijuana Concentrate, or Medical Marijuana Product are grown, stored, cultivated, manufactured, tested, distributed, or sold, and any books and records in any way connected with any licensed activity;

5. Require any Licensee, upon demand and upon a showing of probable cause, 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;

6. Require Applicants to submit complete and current applications and fees and other information the Authority deems necessary to make licensing decisions and approve material changes made by the Applicant or Licensee;

7. Conduct investigations into all relevant factors related to suitability of all Licensees and Applicants for MMB licenses and such other Persons with a direct or indirect interest in an Applicant or Licensee, as the Authority may require; and

8. Exercise any other power or duty authorized by law.

P. Duties of Authority and Authority Employees.

1. Employees shall maintain the confidentiality of Authority and Authority records and information.

Q. Pursuant to this Act, disclosure of confidential records or information in violation of the provisions of the Act constitutes a class 1 misdemeanor.

SECTION 7. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8007 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created The Oklahoma Medical Marijuana Authority Fund for the purposes set forth in this section.

B. The state treasurer shall credit to the fund:

1. All money received from applications and re-applications for registration as a qualifying patient, caregiver, all medical marijuana businesses, research facilities, and education facilities, as well as, occupational licenses;

2. All penalties and fines assessed for violations of this act;

3. All money from any other source, whether public or private, designated by this Act for deposit into or credited to the Oklahoma Medical Marijuana Authority fund; and

4. Interest earned or other investment income on balances in the Oklahoma Medical Marijuana Authority fund;

C. The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of the proceeds of the sales tax levy and the fees and fines of the Oklahoma Medical Marijuana Authority Fund provided for in this act and State Question No. 788, Initiative Petition No. 412, and any monies or assets contributed to the fund from any other source, public or private.

D. The tax on retail medical marijuana sales shall be established at seven percent (7%) of the gross amount received by the seller.

E. The tax shall be collected at the point of sale. Tax proceeds shall be applied primarily to finance the Oklahoma Medical Marijuana Authority.

F. If proceeds from the levy authorized by subsection A of this section exceed the budgeted amount for running the regulatory and licensing affairs of the medical marijuana program, any surplus shall be apportioned with seventy-five percent (75%) going to the General Revenue Fund and may only be expended for common education. Twenty-five percent (25%) shall be apportioned to the Oklahoma State Department of Health.

G. The Oklahoma Tax Commission shall promulgate rules to administer the provisions of this section.

H. The Oklahoma Medical Marijuana Authority Fund may be used for expenses of the Oklahoma Medical Marijuana Authority and the Oklahoma State Department of Health to administer their obligations under this act.

SECTION 8. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8008 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 this Act, including without limitation information regarding the qualifying patient's physician, are 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 that are exempt from the Oklahoma Open Records Act.

C. All financial information provided by an applicant in its application to the Oklahoma Medical Marijuana Authority shall be

treated as confidential records that are exempt from the Oklahoma Open Records Act

1. "Private Business Information" means information that if disclosed would give advantage to competitors or bidders, including but not limited to information related to an applicant's planning, site location, operations, strategy, or product development and marketing, unless approval for release of those records is granted by the business.

SECTION 9. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 8009 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The Department shall make available a method to validate the authenticity of a medical marijuana patient license by a unique 24-character identification number as follows:

1. The Department shall contract with a third party to provide a database which is updated in real-time and will verify the authenticity of a medical marijuana license at a point of sale. The vendor selected by the Department must have experience performing similar functions for other state agencies and may not contract with anyone providing commercial services to an MMB either directly through affiliates, or any joint venture or subsidiary.

2. By accessing the website of the Department;

3. By communication via telephone to the Department; or

4. The Department may contract with other state agencies to establish a method for verification should another system be made available or determined to be more cost-effective.

B. The Department shall create a Medical Marijuana Use Registry. The Department shall create and maintain a secure, electronic and online medical marijuana use registry for physicians, patients, and caregivers as provided under this section.

C. The Medical Marijuana Use Registry shall:

1. Be accessible to Oklahoma qualified physicians, local and state law enforcement agencies, and medical marijuana dispensaries to verify the authorization of a qualified patient or caregiver to possess medical marijuana, medical marijuana product, or a marijuana delivery device.

2. Be accessible to medical practitioners licensed to prescribe prescription drugs to ensure proper care for patients before medications that may interact with the medical use of marijuana are prescribed.

3. Prevent an active registration of a qualified patient by multiple physicians.

D. The Department shall contract with a third-party vendor to provide this service. The vendor selected by the Department must have experience performing similar functions for other state agencies and may not contract with anyone providing commercial services to an MMB either directly through affiliates or indirectly through any joint venture or subsidiary.

E. All other records regarding a medical marijuana licensee shall be maintained by the Department and shall be deemed confidential. 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, the physician of the licensee or the caregiver of the licensee.

F. The provisions of this subsection shall not prevent the Department from complying with a warrant or subpoena, nor with using such records for the benefit of the licensee or the protection of the Department.

G. 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.

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

SECTION 10. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 8010 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The Department 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. 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 these acts or submissions made pursuant to this section. The Department may enter the premises of a Licensee or Applicant at any time to assess or monitor compliance.

1. Twenty-four (24) hours of notice shall be provided to an Applicant or Licensee prior to an on-site assessment, except when the Department has reasonable suspicion to believe that providing notice will result in the destruction of evidence, or that providing such notice will impede the ability of the Department to enforce these regulations.

2. The Department may review any and all records of a Licensed Patient or Primary Caregiver, Licensed Medical Marijuana Dispensary, Licensed Cultivation Facility , Licensed Medical Marijuana Product Manufacturer, Licensed Transporter, Licensed Laboratory, Licensed Medical Marijuana Research Facility, and may require and conduct interviews with such persons or entities and persons affiliated with such entities, for the purposes of determining compliance with Department requirements and applicable laws.

3. All Licensed MMB and Licensed Medical Marijuana Research Facilities shall provide the Department or the designee of

the Department immediate access to any material and information necessary for determining compliance with this section.

4. Failure by a licensed MMB, Research Facility, or Education Facility to provide the Department access to the premises or materials may result in disciplinary action, in accordance with this section.

5. Any failure to adhere to the provisions of this section that is documented by the Department during monitoring may result in disciplinary action, in accordance with this section.

6. 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 for any License authorized by this act or any Licensee under this act.

D. Disciplinary actions may include revocation, suspension or denial of an application, license or Department approval and other action.

E. Disciplinary actions may be imposed for:

1. Failure to comply with or satisfy any provision of this section; Falsification or misrepresentation of any material or information submitted to the Department;

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

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

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

5. Failure to correct any violation of this section cited as a result of a review or audit of financial records or other materials;

6. Failure to comply with requested access by the Department to the premises or materials;

7. Failure to pay a required monetary penalty;

8. Diversion of Medical Marijuana or any Medical Marijuana Product, as determined by the Department;

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

10. Any other basis as identified in this section.

F. Disciplinary actions against a Licensee may include the imposition of monetary penalties, which may be assessed by the Department in the amount of:

1. One Hundred Dollars ($100.00) for the first assessed monetary penalty in a calendar year;

2. Five Hundred Dollars ($500.00) for the second assessed monetary penalty in a calendar year; or

3. One Thousand Dollars ($1,000.00) for every monetary penalty thereafter assessed in a calendar year.

G. Penalties for sales to persons other than those allowed by law occurring within any two-year time period shall be an initial fine of Five Thousand Dollars ($5,000.00) for a first violation and revocation of licensing for a second violation within a two-year period.

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

1. A 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. 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;

3. A person whose participation with an Applicant or Licensee is prohibited based on a criminal background check.

I. 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 Department;

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.

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

1. Conducted by a hearing; officer appointed by the Department.

2. Hearings shall be conducted in Oklahoma City, Oklahoma, or, with the consent of the parties, in another location.

3. Due to federal and state confidentiality laws, hearings held pursuant to this section shall be closed to the public. Portions of hearings may further be closed to prevent the disclosure of confidential information.

4. The hearing shall be recorded on audiotape or other means of sound reproduction.

5. Any hearing provided for in this section may be held telephonically, with the consent of the parties.

K. 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.

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

M. 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.

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

O. A party may be represented by a person licensed to practice law in Oklahoma or a non-lawyer representative, or may represent himself or herself.

P. The rules of evidence as applied in the courts do not apply in these proceedings. Any relevant evidence shall be admitted. Irrelevant, immaterial or unduly repetitious evidence may be excluded.

1. 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.

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

Q. 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.

R. 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.

S. 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.

T. A party may request a telephonic hearing, subject to the following provisions:

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 is responsible for ensuring the telephone number to the location of the appellant for the telephonic hearing is accurate and the appellant is available at said 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.

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

V. 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.

W. 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.

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

SECTION 11. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8011 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The Department shall have the authority to issue declaratory orders by which a Licensee may request the Department to issue a formal statement of position and, subsequently, petition the Department for a declaratory order. Typically, a position statement or declaratory order would address matters that are likely to be applicable to other Licensees.

B. Any Person as defined in this act may request the Department to issue a statement of position concerning the applicability to the petitioner of any provision of the act and subsequent rules, or any regulation of the Department.

C. The Department will determine, in its sound discretion, whether to respond with a written statement of position. Following receipt of a proper request, the Department will respond by issuing a written statement of position or by declining to issue such a statement.

D. Any Person who has properly requested a statement of position, and who is dissatisfied with the Department's response, may petition the Department for a declaratory order pursuant to this section. The petition shall be filed within 30 days of the Department's response, or may be filed at any time before the Department's response if the Department has not responded within 60 days of receiving a proper request for a statement of position, and shall set forth the following:

1. The name and address of the petitioner;

2. Whether the petitioner is licensed pursuant to this act, and if so, the type of license and address of the Licensed Premises;

3. Whether the petitioner is involved in any pending administrative hearings with the Department or relevant local jurisdiction;

4. The statute, rule, or order to which the petition relates;

5. A concise statement of all the facts necessary to show the nature of the controversy or the uncertainty as to the applicability to the petitioner of the statute, rule, or order to which the petition relates;

6. A concise statement of the legal authorities, if any, and such other reasons upon which petitioner relies; and

7. A concise statement of the declaratory order sought by the petitioner.

E. The Department will determine, in its discretion without prior notice to the petitioner, whether to entertain any petition. If the Department decides it will not entertain a petition, it shall notify the petitioner in writing of its decision and the reasons for that decision. Any of the following grounds may be sufficient reason to refuse to entertain a petition:

1. The petitioner failed to properly request a statement of position from the Department, or the petition for declaratory

order was filed with the Department more than 30 days after the Department's response for the request for a statement of position.

2. A ruling on the petition will not terminate the controversy nor remove uncertainties concerning the applicability to petitioner of the statute, rule or order in question.

3. The petition involves a subject, question or issue that is relevant to a pending hearing before the state or any local licensing authority, an on-going investigation conducted by the Department, or a written complaint previously filed with the Department.

4. The petition seeks a ruling on a moot or hypothetical question.

5. Petitioner has some other adequate legal remedy, other than an action for declaratory relief, which will terminate the controversy or remove any uncertainty concerning applicability of the statute, rule or order.

F. The Department may adopt the Position Statement as a Final Agency Action subject to judicial review.

G. If the Department determines that it will entertain the petition for declaratory order, it shall so notify the petitioner within 30 days, and any of the following procedures may apply:

1. The Department may expedite the matter by ruling on the basis of the facts and legal authority presented in the petition, or by requesting the petitioner or the Department to submit additional evidence and legal argument in writing.

2. In the event the Department determines that an evidentiary hearing is necessary to a ruling on the petition, a hearing shall be conducted in accordance with the provisions of this Act and the Oklahoma Administrative Procedures Act. The petitioner will be identified as the Respondent.

3. The parties to any proceeding pursuant to this rule shall be the petitioner/ Respondent and the Department. Any other interested person may seek leave of the Department to intervene in

the proceeding and such leave may be granted if the Department determines that such intervention will make unnecessary a separate petition for declaratory order by the interested person.

4. The declaratory order shall constitute a Final Agency Order subject to judicial review.

H. Files of all requests, petitions, statements of positions, and declaratory orders will be maintained by the Department. Except with respect to any material required by law to be kept confidential, such files shall be available for public inspection.

I. The Department shall post a copy of all statements of position and all declaratory orders on the Department's website.

SECTION 12. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8012 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created and authorized a Medical Marijuana Patient License.

B. A Person in possession of a state issued medical marijuana patient license shall be entitled to the following rights and responsibilities, subject to the provisions of this Act:

1. To consume medical marijuana and medical marijuana product legally without restriction on the type or form of medical marijuana product, except as it pertains to minor children patients pursuant to this Act;

2. To legally possess up to three (3) ounces of medical marijuana on their person;

3. To legally possess up to six (6) mature marijuana plants;

4. To legally possess up to six (6) immature plants or seedlings;

5. To legally possess up to one (1) ounce of Medical Marijuana Concentrate;

6. To legally possess up to seventy-two (72) ounces of Edible Medical Marijuana Infused Products; and

7. To legally possess up to eight (8) ounces of medical marijuana in their residence.

C. Municipal and county governing bodies may enact medical marijuana guidelines allowing medical marijuana patients or caregivers to exceed the limits set forth in

D. Medical marijuana patient license applicants shall submit an application to the Department for approval, as described herein.

E. Possession of up to one and one-half (1.5) ounces of medical marijuana by persons who can state a medical condition that can be treated with medical marijuana, but not in possession of an Oklahoma medical marijuana patient license, shall constitute a misdemeanor offense with a fine not to exceed Four Hundred Dollars ($400.00).

F. Qualifying patient licensees must be an Oklahoma resident as defined and determined in this Act and be eighteen (18) years of age or older; provided, however, a special exception will be granted to an applicant who is eighteen (18) years of age or younger pursuant to the Act.

G. Any educational institution, public or private, shall not refuse to enroll or otherwise penalize a qualifying patient licensee solely based upon their status as a medical marijuana patient, unless failing to do so would imminently cause the school to lose a monetary or licensing related benefit under federal law or regulations.

H. Any landlord shall not refuse to lease to and shall not otherwise penalize a qualifying patient licensee solely based upon their status as a medical marijuana patient, unless failing to do so would imminently cause the landlord to lose a monetary or licensing related benefit under federal law or regulations.

I. Nothing in this section prohibits a residential or commercial property or business owner from prohibiting the consumption of medical marijuana or medical marijuana product by smoke or vaporizing on their premises.

J. A medical marijuana patient licensee shall not be denied custody of or visitation or parenting time with a minor child solely based on their status as a licensee. There is no presumption of neglect or child endangerment for conduct allowed under this law, unless the person's behavior violates the terms of this Act or unless the person's behavior constitutes an imminent threat to the safety, health, and welfare of the minor child.

K. A medical marijuana patient licensee shall not be denied a state issued professional license or certification based solely on their status as a medical marijuana patient licensee. Neither shall a patient licensee face suspension or disciplinary action from the authority granting said professional license or certification based solely on their status as a medical marijuana patient licensee.

L. A medical marijuana patient licensee shall not be denied the right to own or possess a firearm based solely on their status as a medical marijuana patient licensee. No state or local agency shall restrict, revoke, suspend, or otherwise infringe upon a person's right to own or possess a firearm or any related firearms license or certification based solely on their status as a medical marijuana patient licensee.

M. A medical marijuana license holder or designated caregiver in actual possession of a medical marijuana license card shall not be subject to arrest, prosecution or penalty in any manner or denied any right or privilege, 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 the medical marijuana program. No person holding a medical marijuana license may be prohibited from holding a

state-issued license by virtue of such person being a medical marijuana license holder.

N. For the purposes of medical care, including organ transplants, the authorized use of marijuana by a medical marijuana license holder must be considered the equivalent of the use of any other medication under the direction of a physician and shall not constitute the use of an illicit substance or otherwise disqualify a registered qualifying patient from medical care.

O. A person shall not be subject to arrest, prosecution or penalty in any manner or denied any right or privilege, including without limitation a civil penalty or disciplinary action by a business, occupational or professional licensing board or bureau, for providing a qualifying patient or designated caregiver with marijuana paraphernalia for purposes of facilitating the medical use of marijuana by a qualifying patient.

P. A person shall not be subject to arrest, prosecution or penalty in any manner or denied any right or privilege, including without limitation a civil penalty or disciplinary action by a business, occupational or professional licensing board or bureau, simply for being in the presence or vicinity of the medical use of marijuana as allowed under the medical marijuana program or for directly assisting a physically disabled qualifying patient with the medical use of marijuana.

Q. A person shall not be subject to arrest, prosecution, or penalty in any manner or denied any right or privilege, including without limitation a civil penalty, disciplinary action, or incur civil liability for obtaining assistance for an individual suffering a medical emergency due to medical marijuana consumption.

R. A government medical assistance program or private health insurer shall not be required to reimburse a person for costs associated with the medical use of marijuana unless federal law requires reimbursement.

S. For purposes of employment, terms of employment, decisions to hire, discipline, suspend, or terminate an employee or independent contractor, unless the following action would jeopardize an employer's contractual status, professional licensure, compliance with federal law, or result in imminent monetary loss, an employer:

1. Shall not discriminate against, refuse to hire, suspend, discipline or terminate an employee or independent contractor based solely on their status as a medical marijuana patient licensee;

2. Shall not discriminate against, refuse to hire, suspend, discipline or terminate an employee or independent contractor based solely on the results of a drug screening showing positive for marijuana or its components, including but not limited to, THC and CBD, unless the position or role has a generally accepted industry standard that prohibits the use of other legal forms of medical treatment or the professional or contractual duties involved include:

a. The handling, packaging, processing, storage, disposal, or transport of hazardous materials;

b. The operation, use or maintenance of motorized vehicles;

c. The operation of heavy equipment or machinery;

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

e. 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.

f. Maintaining a medical standard of care essential to preserving the health, safety, or welfare of another person.

g. Ensuring or preserving the physical health or safety of another person.

h. Any position of employment that prohibits the use of other forms of medicine during the course of employ or contract.

3. Shall reserve the right to discriminate against, refuse to hire, suspend, discipline or terminate an employee or independent contractor if the person 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 or contractual obligations.

T. An employer shall not be required to accommodate the ingestion of medical marijuana in a smokeable or vaporized format in a workplace or accommodate an employee working while under the influence of marijuana.

U. An employer shall not be required to provide an injured employee with medical marijuana treatment under Section 50, Chapter 208 Oklahoma Statutes 2013 (85A O.S. Supp.2017 Section 50), provided however, employers may opt to provide medical marijuana treatment to an injured employee that has been issued an Oklahoma medical marijuana patient license.

V. For purposes of investigation during a Worker's Compensation Fraud Investigation pursuant to 85A O.S. Supp.2017 Section 58, all records regarding medical marijuana recommendations and usage under this Act shall be made available on a limited and exclusive basis to the Department, the Workers' Compensation Fraud Investigation Unit, the employer, the carrier, and the employee or the employee's dependents.

W. If an employee tests positive for intoxication, use of an illegal controlled substance, or a legal controlled substance, including medical marijuana or medical marijuana product, that is used in contravention with a treating physician's orders within twenty-four (24) hours of being injured or reporting an injury, he or she shall not be eligible to receive benefits under a qualified employer's benefit plan, pursuant to 85A O.S. Supp.2017 Section 209(C). In order to retain exclusive remedy and enjoy immunity from common law negligence claims, an employee shall be entitled to receive benefits under a qualified employer benefit plan if the employee can prove by a preponderance of the evidence that the acts described by this section were not the major cause of an injury.

X. All smokeable, vaporized, vapable and e-cigarette medical marijuana product ingested or smoked by a patient license holder are subject to the same restrictions for tobacco under Section 1-1521 et. seq. of Title 63 of Oklahoma Statutes, commonly referred to as the "Smoking in Public Places and Indoor Workplaces Act."

1. All smokable, vaporized, vapable and e-cigarette medical marijuana product consumed or smoked by a patient license holder shall not be smoked nor consumed in the presence of a minor under the age of eighteen (18).

Y. There shall be no restrictions regarding the type or form of medical marijuana or medical marijuana product available for sale, purchase, or consumption by license holders under this Act, this specifically includes any prohibition of smokable flower.

1. There shall be no THC limits set for marijuana plants, medical marijuana, medical marijuana product, beyond the restrictions set forth pursuant to this Act.

SECTION 13. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8013 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Within thirty (30) days, the Department shall make available on its website, in an easy-to-find location, an application for a medical marijuana patient license, caregiver license, and a temporary medical marijuana patient license.

B. A written or digital certification from an Oklahoma board-certified physician shall be submitted with the application for a medical marijuana patient license pursuant to this Act. The Department may contact the physician to verify the applicant's need for a medical marijuana license. The physician may only issue the written certification using accepted standards a reasonable and prudent physician would follow when recommending or approving any medication.

C. The application fee for a patient license shall be One Hundred Dollars ($100.00). Individuals who can demonstrate coverage under Medicaid, Medicare or Soonercare will 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. The patient license is valid for up to two (2) years from the date of issuance, unless the qualifying physician's recommendation is terminated pursuant to this Act or revoked by the Department.

D. Proceeds from the application fees collected shall be deposited in a special revenue fund known as the Oklahoma Medical Marijuana Authority Fund with the State Treasurer.

E. The application for a patient license shall be on the Department issued form and shall include at a minimum:

1. The applicant's first name, middle name, last name and suffix, if applicable;

2. The applicant's residence address and mailing address. If the applicant proves Oklahoma residence, but does not have a fixed residential address, then the address where the applicant can receive mail;

3. The applicant's date of birth;

4. The applicant's telephone number and email address;

5. The signature of the applicant attesting the information provided by the applicant is true and correct and pledging the applicant will not divert medical marijuana to any individual or entity that is not lawfully entitled to possess medical marijuana;

6. The date the application was signed.

F. An application must be submitted within thirty (30) days of signature or it will be rejected by the Department.

G. The following documentation shall accompany the application or the application will be rejected:

1. An affidavit of lawful presence form as prescribed by the Department;

2. Documents establishing the applicant is an Oklahoma resident;

3. Documents establishing proof of identify as established in this Act;

4. A digital photograph as established in this Act;

5. A certification and recommendation from an Oklahoma board-certified physician dated within thirty (30) days of the date of submission of the application to the Department, on the form they provide, which includes the provisions as established in Section ___ of this Act;

H. Sufficient documentation of proof of residency shall include one of the following:

1. An unexpired Oklahoma issued driver's license;

2. An Oklahoma voter identification card;

3. A utility bill for the calendar month preceding the date of application, excluding cellular telephone and internet bills;

4. A residential property deed to property in the State of Oklahoma; or

5. A current rental agreement for residential property located in the State of Oklahoma.

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

1. Front and back of an Oklahoma Driver's License;

2. Front and back of an Oklahoma Identification Card;

3. A United States Passport or other photo identification issued by the United States government;

4. Certified copy of the applicant's birth certificate for minor applicants who do not possess a document listed in subsections (a),(b),or(c);

5. A tribal identification card approved for identification purposes by the Oklahoma Department of Public Safety.

J. The digital photograph to be submitted with an application shall:

1. Be a clear, color photograph to of the head and top of the shoulders;

2. Be an image file in a .jpg, .png or .gif digital image format no larger than 3MB in size;

3. Be in one of the following approved formats:

a. A scanned photograph shall be scanned at a resolution of 300 pixels per inch from a 2x2 inch image with dimensions in a square aspect ratio (the height must be equal to the width).

b. A captured image must have minimum acceptable pixel dimensions of 600x600 pixels and maximum acceptable pixel dimensions of 1200x1200 pixels.

4. Be taken within the last six (6) months to reflect the applicant's appearance;

5. Be taken in front of a plain white or off-white background;

6. Be taken in full-face view directly facing the camera at eye level with nothing obscuring the face, such as a hat or eyewear;

a. If a hat or head covering is worn for religious purposes, submit a signed statement that verifies the hat or head covering in the photo is part of recognized, traditional religious attire that is customarily or required to be worn continuously in public.

b. If a hat or head covering is worn for medical purposes, submit a signed doctor's statement verifying the hat or head covering in the photo is used daily for medical purposes.

c. The applicant's full face must be visible and your hat or head covering cannot obscure your hairline or cast shadows on your face.

7. Be taken with a neutral facial expression (preferred) or a natural smile with the mouth closed, and with both eyes open;

8. Not be digitally enhanced or altered to change the appearance in any way; and

9. Sufficiently resemble the photograph included in any identification provided for proof of identity or residence.

K. Payment of the application fee as established in this section is required at the time the application is submitted, unless the applicant is insured by Medicaid, Medicare, or Soonercare.

1. If the applicant is insured by Medicaid, Medicare, or Soonercare the applicant must provide a copy of their insurance card or other acceptable verification;

2. Upon receipt of this verification the Department may attempt to verify the applicant is currently insured by the insuring agency;

3. If the Department is unable to verify the insurance, the application shall be rejected until verification is obtained, or the application fee is paid;

4. All applicants who are verified as being insured by Medicaid, Medicare or Soonercare shall pay a reduced application fee of Twenty Dollars ($20.00) as established in this Act;

5. Application fees are nonrefundable.

L. Patient licenses may be issued for applicants under the age of eighteen (18) by submitting the same documentation as is required by this Act, and the following:

1. The application shall require the recommendation by two (2) physicians, both of whom must be either a pediatrician or pediatric subspecialist, dated within thirty (30) days of each other who do not practice together or who are not otherwise in a business relationship and both recommendations must state the same diagnosis for which the recommendation of medical marijuana or medical marijuana product is made;

2. The application must be completed listing the minor as the applicant, but shall also include the same information as is required in this section for the minor’s parent(s) or legal guardian(s);

3. The proof of residency information required shall be provided for the minor’s parent(s) or legal guardian(s);

4. Identification and residency documents shall be provided for the parent(s) or legal guardian(s);

5. A digital photograph, as established in this Act, shall also be included of the minor’s parent(s) or legal guardian(s);

6. If the person submitting the application on behalf of a minor is the minor's legal guardian, a copy of documentation establishing the individual as the minor's legal guardian must be submitted;

7. The signature and date of each parent or legal guardian must be included on the application. In the event one of the parents or legal guardians has abandoned the minor or is otherwise unavailable a notarized affidavit stating the reasons the parent or legal guardian cannot sign (except in the case of refusal or disagreement) is sufficient if approved by the Department;

8. An attestation by the parent or legal guardian that the information provided in the application is true and correct must be included on the application; and

9. The minor applicant is not required to submit any documents listed herein.

M. Minor Patient Licenses are valid for a term of two (2) years, or until the minor turns age eighteen (18), whichever occurs first, unless either of the physician's recommendations are terminated pursuant to this Act.

N. The Department shall review the medical marijuana patient application, approve or reject the application and mail the approval, rejection or status-update letter to the applicant within fourteen (14) days of receipt of the application.

O. Applicants who are approved shall be issued a patient license which shall act as proof of his or her approved status and be added to the Medical Marijuana Use Registry established pursuant to this Act.

P. If the Department rejects an application for a medical marijuana license, the letter to the applicant shall state the reason why the application was rejected. Applications may only be rejected

by the Department due to an applicant not meeting the standards set forth in this section or the improper completion of an application.

Q. Letters that provide a status update to applicants shall state a reason for the delay in either approval or rejection of the application including situations where an application has been properly submitted, but a delay in processing the application has occurred.

R. Licenses issued to patients, caregivers, and temporary patient licensees shall contain the following:

1. The digital photograph of the license holder;

2. The name and date of birth of the license holder;

3. The city and county of residence of the license holder;

4. The type of license;

5. The date the license expires;

6. The unique 24-character control number assigned to the license holder; and if applicable

7. The unique 24-character control number

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

T. The Department shall only keep the following records for each approved patient license:

1. A digital photograph of the medical marijuana licensee;

2. The expiration date of the license;

3. The county where the license was issued; and

4. The unique 24-character identification number assigned to the patient licensees.

U. The Department shall ensure that all application records submitted in accordance with this Act are sealed to protect the privacy of medical license applicants and patients, unless provided otherwise in this Act.

SECTION 14. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8014 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Only Oklahoma board-certified physicians, as defined at Title 57 O.S. Sections 725.2(A)-(C), including podiatrists, chiropractors, dentists, doctors of medicine, doctors of optometry, and doctors of osteopathy, may provide a medical marijuana recommendation for a patient medical marijuana license under this Act.

B. All applications for a medical marijuana patient license must be recommended by an Oklahoma Board certified physician according to the accepted standards a reasonable and prudent physician would follow when recommending or approving any medication.

C. Resident physicians do not meet the definition of physician under this section and any recommendation for a patient medical marijuana license will not be processed by the Department.

D. No physician may be unduly stigmatized or harassed for issuing a written medical marijuana recommendation for a patient.

E. No physician shall be subject to arrest, prosecution or penalty in any manner or denied any right or privilege, including without limitation, a civil penalty or disciplinary action by the State Board of Medical Licensure and Supervision or by any other business, occupation or professional licensing board or bureau, solely for providing a written medical marijuana recommendation for a patient. The provisions of this subsection shall not prevent the State Board of Medical Licensure and Supervision 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.

F. A physician or licensed health care professional may administer medical marijuana or medical marijuana products to a patient who possesses a registry identification card and resides in a licensed health care facility if the administration of pharmaceuticals is within the scope of practice of the licensed health care professional. Administration of medical marijuana under this subsection may not take place in a public place as defined herein. If the medical marijuana administered under this section is a smokable format, adequate ventilation must be provided.

G. Nothing in this subsection requires:

1. A licensed healthcare professional to administer medical marijuana or medical marijuana products; or

2. A licensed health care facility to make accommodations for the administration of medical marijuana.

H. Recommending medical marijuana for a patient is at the professional discretion of the physician, which shall be exercised in accordance with the accepted standards a reasonable and prudent physician would follow in recommending or approving any medication. The indication, appropriateness and safety of the recommendation should be evaluated in accordance with current standards of practice and in compliance with state laws, rules and regulations. There shall be no restrictive qualifying conditions determining a patient's ability to receive a medical marijuana recommendation from their physician.

I. A physician should regularly assess the response of the patient to the use of medical marijuana and overall health and level of function, as medically appropriate. This assessment should include the efficacy of the treatment to the patient, the goals of the treatment and the progress of those goals.

J. A physician shall file a registration with the Department as a recommending physician on a form prescribed by the Department if the physician holds a valid, unrestricted and existing license to practice in the State of Oklahoma.

K. A physician registration must include, at a minimum, all of the following:

1. The physician's full name, business address, professional email address, telephone numbers, and, if the physician owns or is affiliated with a medical practice, the name of the medical practice;

2. The physician's credentials, area of board certification and medical license number;

3. A certification by the physician that states:

a. That the physician's Oklahoma license to practice medicine is active and in good standing;

b. That the physician's Oklahoma license to practice medicine is active and in good standing;

c. That the physician does not hold any direct or economic interest in a MMB.

L. Accepted standards a reasonable and prudent physician shall follow when recommending medical marijuana to a patient include the following:

1. Establishment of a physician-patient relationship in which physician has ongoing responsibility for the assessment, care and treatment of a patient's medical condition or an aspect of the patient's medical condition;

2. Documentation of an in-person medically reasonable assessment by the recommending physician of the patient's medical history and current medical condition including physical examination within the past thirty (30) days. Tele-medicine is prohibited when making a recommendation to a patient for medical marijuana;

3. Diagnosis of a medical condition, in the physician's opinion, the patient is likely to receive therapeutic or palliative benefit from the medical use of marijuana to treat or alleviate the medical condition;

4. Discussion of the risks and benefits of the use of medical marijuana with the patient to include the potential for adverse effects for children and young adults, the variability of medical marijuana and medical marijuana product preparations, and a warning not to operate heavy machinery or a motor vehicle when using medical marijuana;

5. Provision of follow-up care and management of the patient's medical condition for which use of medical marijuana is recommended, including any follow-up examination necessary to determine the efficacy of medical marijuana for the patient's medical condition. All recommendations for medical marijuana shall include a review by the physician, at least annually, of the necessity of the medical need for the continuing recommendation of medical marijuana;

6. Maintenance of accurate and complete medical records;

7. Physicians are prohibited from issuing a recommendation for approval of a patient license to themselves, their family members of the first or second degree, their co-workers, or employees; and

8. A physician who recommends use of medical marijuana shall not:

a. Accept, solicit, or offer any form of pecuniary remuneration from or to a caregiver, dispensary, processor, or commercial grower; Offer a discount or any other thing of value to a patient who uses or agrees to use a particular caregiver or dispensary;

b. Examine a patient for the purposes of recommending medical marijuana at or adjacent to a location where medical marijuana is dispensed;

c. Examine a patient exclusively for the purposes of recommending medical marijuana;

d. Hold any economic interest in an enterprise that cultivates, transports, manufactures, or dispenses medical marijuana.

9. If after a physician completes a follow-up examination and review pursuant to this section and determines the continued use of medical marijuana by the patient no longer meets the standards set forth in this Act, the physician shall notify the Department.

10. No physician shall be subject to disciplinary proceedings or loss of licensure on the sole basis they continue to monitor, treat, or recommend medical marijuana to patients in accordance with the provisions of this Act.

SECTION 15. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8015 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created a caregiver license for qualified caregivers of a medical marijuana patient license holder who is homebound. The caregiver license shall provide the caregiver the same rights as the medical marijuana patient license holder, excluding use. Applicants for a caregiver license shall submit the following to the Authority:

1. Proof of the homebound status of the medical marijuana patient license holder;

2. Proof that the applicant is the designee of the medical marijuana license holder;

3. Proof that the caregiver is eighteen (18) years of age or older; and

4. Proof that the caregiver is an Oklahoma resident.

B. Applications for a caregiver license for those providing services to patient license holders may accompany the original patient applications as set forth in this Act or may be made at any time during the term of the patient license.

C. Only one caregiver license shall be issued for each patient license issued except in the case of a patient/applicant under the age of eighteen (18) years whereby two (2) parents and/or legal guardians may be recognized as the minor's caregivers. Any variance from the number of patient licenses per caregiver shall be evaluated by the Authority pursuant to the variance procedure set forth in this Act.

D. A caregiver application will be accepted for a patient who has a physician's attestation that the patient is homebound or does not have the capability to self-administer or purchase medical marijuana due to developmental disability or physical or cognitive impairment and would benefit by having a designated caregiver to manage medical marijuana on the behalf of the patient as provided herein.

E. The caregiver application shall be made on a form provided by the Authority and shall include the following:

1. All information and documentation for the caregiver required under the patient license application except there shall be no medical certification from an Oklahoma board-certified physician;

2. A fee in the amount of fifty dollars ($50.00) shall be submitted by the caregiver applicant at the time of submission of their application;

3. A signed and dated attestation from the patient license holder or patient applicant appointing the caregiver as their

designee under this provision. If the patient license holder is incapacitated, a durable medical power of attorney or a court order for guardianship may be submitted and the person appointed to act under that document may execute the notarized statement; and

4. If the patient is a license holder, the patient control number shall be included in the application.

F. A caregiver license for a specific patient shall be withdrawn for any patient that provides written or electronic notification to the Authority, on the Authority provided form, of their wish to withdraw the caregiver's authorization. This withdrawal shall not be subject to appeal.

G. A caregiver's license may not extend beyond the expiration date of the underlying patient license regardless of the issue date.

SECTION 16. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8016 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created a Temporary Medical Marijuana Patient License ("temporary license").

B. The Department shall make available on its website a temporary medical marijuana patient license ("temporary license"). A temporary license will be granted to any medical marijuana patient 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.

C. Temporary licenses will be issued for thirty (30) days from the date of issuance; however, temporary patient licenses may not extend the expiration date of the underlying out-of-state medical marijuana patient license.

D. The cost for a temporary license shall be One Hundred Dollars ($100.00). Renewal will be granted with resubmission of a new application and the cost for renewal will be Fifty Dollars ($50.00).

E. It is the responsibility of the license holder to renew the license, with all applicable documentation, prior to the date of expiration of the license by following the procedures provided in this Act.

F. Temporary license applications shall be made on a form provided by the Department and shall include the following:

1. All information provided for a patient license pursuant to this Act with the exception of a qualified physician recommendation;

2. Color copy or digital image file of the front and back of applicant's unexpired out-of-state medical marijuana patient license;

3. Color copy or digital image file of one of the following unexpired documents:

a. Front and back of a valid state issued Driver's License;

b. Front and back of valid state issued Identification Card;

c. A United States Passport or other photo identification issued by the United States government; or

d. Certified copy of the applicant's birth certificate for minor applicants who do not possess a document listed herein.

4. A digital photograph as required under this Act relating to proof of identity; and

5. If temporary patient applicant is under the age of eighteen (18), in addition to complying with subsections (a)(b) and (c), applicant shall also comply with the requirements set forth in this Act concerning minor patient license applications

6. Digital images of the records required in this section shall be of sufficient clarity that all text is legible. See the requirements specified in this Act relating to applicant photograph for resolution guidance.

SECTION 17. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8017 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. All medical marijuana grown at home by patient medical marijuana license holders, caregivers, or temporary license holders can only be grown on residential real property owned by the patient license holder or on rented real property for which the patient license holder has the property owner's written permission to grow medical marijuana on the property.

B. All homegrown medical marijuana plants must be grown so that the marijuana is not accessible to a member of the general public and is only accessible to the patient or caregiver. If grown outdoors, it must be grown behind a fence that is at least six (6) feet in height. The marijuana plants must be completely enclosed by the fence and the fence must be secured with a lock and key. No marijuana plants may be visible from any street adjacent to the property.

C. Patient licensees may possess up to six (6) mature plants and six (6) immature plants or seedlings at one time.

D. Any diversion of homegrown marijuana or exceeding the plant restrictions cited above will result in a loss of licensure and a civil penalty as defined hereafter.

E. Medical marijuana product manufacturing shall not be allowed at a residential property. It is expressly prohibited to operate extraction equipment utilizing butane, propane, carbon dioxide or any potentially flammable or hazardous product in a

residential property and without an appropriate Medical Marijuana Product Manufacturer license.

SECTION 18. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8018 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The Department shall require the secure issuance of all cardholders Medical Marijuana license cards, for an annual fee not to exceed $100.00.

B. The Medical Marijuana license cards must be resistant to counterfeiting and tampering and must include, at a minimum, the following:

1. The name, address, and date of birth of the Cardholder.

2. A full-face, passport-style, color photograph of the qualified patient or caregiver taken within the ninety (90) days immediately preceding registration or the Oklahoma driver license or Oklahoma identification card photograph of the qualified patient or caregiver obtained directly from the Department of Public Safety.

3. Identification as a licensed patient, caregiver and/or cardholder.

a. If caregiver, then the first and last names and Medical Marijuana Identification number under their care.

b. The Patient or Caregiver Identification Number.

c. A unique Card Identification number.

d. The expiration date of the identification card.

4. The Department must receive written consent from a qualified patient’s parent or legal guardian before it may issue an identification card to a qualified patient who is a minor.

5. The Department shall adopt rules establishing procedures for the issuance, renewal, suspension, replacement, surrender, and revocation of medical marijuana use registry identification cards pursuant to this section and shall being issuing

qualified patient identification cards within sixty days of the effective date of this act.

a. The Department shall contract with a third-party vendor to provide this service. The vendor selected by the department must have experience performing similar functions for other state agencies and may not contract with anyone providing commercial services to an MMB either directly through affiliates, or any joint venture or subsidiary.

SECTION 19. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8019 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. An individual who is no longer licensed, or no longer eligible pursuant to this Act shall dispose of any usable medical marijuana or medical marijuana products in their possession by:

1. Rendering it unusable in accordance with this Act; or

2. Surrendering the marijuana to an Oklahoma law enforcement agency;

B. Except as provided in this section, a caregiver who is no longer licensed with the Department or a patient who is no longer eligible may not transfer, share, give, sell, or deliver any usable marijuana in their possession to anyone, regardless of whether the individual possesses a valid medical marijuana license issued pursuant to this Act.

C. A caregiver who is no longer licensed with the Department or a patient who is no longer eligible may not dispose of usable marijuana in any manner other than as permitted by these rules.

D. After the death of a patient, any usable marijuana that was in the patient's possession or in the possession of a patient's designated caregiver must be disposed of within fifteen (15) calendar days.

E. After the death of a licensed caregiver, any usable marijuana and/or medical marijuana product that was in the caregiver's possession must be disposed of within fifteen (15) calendar days.

SECTION 20. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8020 of Title 63, unless there is created a duplication in numbering reads as follows:

A. Those license applicants and license holders subject to the requirements of this Act may request that a variance be granted from the requirements of this Act. Such variance shall only be granted or the term of the current license period, or less. The fees authorized in this Act are not eligible for a variance.

B. A variance request filed in conjunction with an application for license, or renewal of license, shall extend the time allowed for the review of the application for license or renewal of licenses.

C. Variances requested pursuant to this section are subject to approval by the Department. In order to have the variance approved, an applicant or license holder must submit a written application on a form provided by the Department.

D. Variances may be reviewed and reconsidered for each successive licensing period. Prior to the expiration of the current license, the licensee must apply in writing for renewal of the variance, on a form provided by the Department. The process for approval of the renewal is the same as the process for granting the original variance. Each renewal shall be considered a new, separate variance, and must be independently justified.

E. Any applicant or licensee requesting a variance shall apply in writing no a form provided by the Department. The form shall include:

1. Information sufficient to reference any pending application for license or existing license.

2. The section of this Act for which the variance is requested;

3. Reason(s) for requesting a variance;

4. The specific variance requested;

5. Any documentation which supports the application for variance.

F. In consideration of a request for variance, the Department shall consider the following:

1. Compliance with this Act;

2. The impact of the variance on public health and safety;

3. The creation or avoidance of public nuisance; and

4. Alternative policies or procedures proposed.

G. If the Department finds that a request is incomplete, the Department shall advise the applicant in writing and offer an opportunity to submit additional or clarifying information. The applicant shall have thirty (30) calendar days after receipt of notification to submit additional or clarifying information in writing to the Department, or the request shall be considered withdrawn.

H. The Department shall permit or disallow the variance request in writing in forty-five (45) calendar days after receipt of the request.

I. Variances are not a part of the license. Denial of a variance is not subject to appeal. A variance may be revoked upon finding the licensee is operating in violation of the variance, or the variance jeopardizes public health and safety, constitutes a distinct hazard to life, or crates a public nuisance. The license

shall not be entitled to a hearing prior to revocation, but will be provided written notice of any revocation along with instructions that the licensee must come into compliance by a date certain.

SECTION 21. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8021 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. All medical marijuana or medical marijuana products shall be purchased solely from Oklahoma licensed MMB, and shall not be purchased from any out-of-state providers, with the exception of seeds.

B. Until July 1, 2019, a licensed patient, caregiver, Cultivation Facility, Education Facility, or Research Facility shall not be prosecuted in the courts of this state for the importation of seeds, cuttings and clones to begin cultivating medical marijuana.

C. All imported seeds, cuttings and clones shall be documented by the license holder. Such documents shall include but not be limited to:

1. The name of the country, state, and city the seeds, cuttings or clones were purchased from;

2. The name of the entity that produced the seeds, cuttings or clones;

3. The batch number if available;

4. Any additional information as required by the Department.

D. The Department shall have oversight and auditing responsibilities to ensure that all marijuana being grown in Oklahoma is accounted for. Pursuant to these duties, the Department shall require that each dispensary keep records for every transaction with commercial growers or licensed processors. Inventory must be tracked and updated after each individual sale and reported to the Department.

1. The inventory tracking system licensees use must allow for integration of other seed-to-sale systems and, at a minimum, 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, seedlings, clones, all plants, usable marijuana or trim, leaves, and other plant matter, batches of extract, and marijuana concentrates;

e. All samples sent to an independent testing laboratory, an unused portion of a sample returned to a Licensee, all samples utilized by Licensee(s) for purposes of negotiating a sale; and all samples used for quality testing by a Licensee.

2. Each dispensary shall use the seed-to-sale tracking system established by the Department or integrate its own seed-to-sale tracking system with the seed-to-sale tracking system established by the Department.

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

a. The name and license number of the commercial grower or processor;

b. The address and phone number of the commercial grower or processor;

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;

g. Any additional information as may be required by the Department.

E. The Department shall contract with a third-party vendor for the implementation and management of this inventory tracking system. The selected vendor must have experience performing similar functions for a medical marijuana statewide regulatory program. The Department may not contract with any vendor providing commercial services to MMB's either directly, through affiliates, or any joint venture or subsidiary.

SECTION 22. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8022 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Local governmental units, specifically Oklahoma municipalities and county commissions, are hereby granted local licensing authority for implementation of this Act.

B. Local licensing authorities are hereby granted the authority to establish a fee schedule for MMB license applications and inspections consistent with fee schedules for current zoning or building code inspection, not to exceed Two Thousand Five Hundred Dollars ($2,500.00) beyond the established application, inspection, or occupancy fees issues a non-MMB.

C. A local licensing authority may only issue licenses consistent with the standards and protocols set forth in this Act. No local licensing authority may unduly change or restrict zoning laws to prevent the opening of an MMB.

D. A local licensing authority is authorized to issue local authorization for the following classes of licenses:

1. Medical Marijuana Cultivation Facility;

2. Medical Marijuana Dispensary;

3. Medical Marijuana Product Manufacturer;

4. Medical Marijuana Testing Laboratory;

5. Medical Marijuana Transporter;

6. Medical Marijuana Research Facility, only if the research involves cultivation or product manufacturing; and

7. Medical Marijuana Education Facility, only if the education facility involves cultivation or product manufacturing.

E. A local licensing authority shall not issue a local license within a municipality, city and county, or the unincorporated portion of a county unless the governing body of the municipality or city and county has adopted an ordinance, or the governing body of the county has adopted a resolution, containing specific standards for license issuance, or if no such ordinance or resolution is adopted prior to December 26, 2018, then a local licensing authority shall consider the minimum licensing requirements of this section when issuing a license.

F. The local licensing authority may adopt additional standards for the issuance of licenses consistent with the intent of this Act that may include, but need not be limited to:

1. Distance restrictions between premises for which local licenses are issued;

2. Reasonable restrictions on the size of an applicant's licensed premises; or

3. Any other requirements necessary to ensure the control of the premises and the ease of enforcement of the terms and conditions of the licensee, provided, however, that no such restrictions may unduly prevent the opening of an MMB through restrictive zoning laws and undue modifications to existing zoning laws.

G. An application for a license shall be filed with the Department and the appropriate local licensing authority on forms

provided by the Department and shall contain such information as the Department may require and any forms as the local licensing authority may require. Each application shall be verified by the oath or affirmation of the Persons prescribed by the Department.

H. An applicant shall file, at the time of application for a license, plans and specifications for the interior of the building if the building to be occupied is in existence at the time. If the building is not in existence, the applicant shall file a plot plan and a detailed sketch for the interior and submit an architect's drawing of the building to be constructed. In its discretion, the local authority or Department may impose additional requirements necessary for the approval of the application, consistent with processes for permit approvals related to non-MMB site location, approval, and inspection.

a. All applicants must comply with all building permits all necessary local permits required

I. Upon receipt of an application for a local license, except an application for renewal or for transfer of ownership, a local licensing authority may schedule a public hearing upon the application to be held not less than thirty (30) days after the date of the application. If the local licensing authority schedules a hearing for a license application, it shall post and publish notice thereof not less than ten (10) days prior to the hearing. The local licensing authority shall give public notice by posting a sign in a conspicuous place on the license applicant's premises for which license application has been made and by publication in a newspaper of general circulation in the county in which the applicant's premises are located.

1. Public notices given by posting shall include a sign of suitable material, not less than twenty-two inches wide and twenty-six inches high, composed of letters not less than one inch in height and stating the type of license applied for, the date of the

application, the date of the hearing, the name and address of the applicant, and such other information as may be required to fully apprise the public of the nature of the application. The sign shall contain the names and addresses of the officers, directors, or managers of the facility to be licensed.

2. Public notice given by publication shall contain the same information as that required for signs.

3. If the building in which medical marijuana is to be cultivated, manufactured, dispensed, stored, researched or tested is in existence at the time of the application, a sign posted as required in subsections 1 and 2 of this section shall be placed so as to be conspicuous and plainly visible to the general public. If the building is not constructed at the time of the application, the applicant shall post a sign at the premises upon which the building is to be constructed in such a manner that the notice shall be conspicuous and plainly visible to the general public.

J. When conducting its application review, the Department may advise the local licensing authority of any items that it finds that could result in the denial of the license application. Upon correction of the noted discrepancies, if the correction is permitted by the Department, the Department shall notify the local licensing authority of its conditional approval of the license application amendments. The Department shall then issue the applicant’s state license, which shall remain conditioned upon local authority approval.

K. All applications submitted for review shall be accompanied by all applicable state and local license and application fees. Any applications that are later denied or withdrawn may allow for a refund of license fees only. All application fees provided by an applicant shall be retained by the respective licensing authority.

L. Not less than five days prior to the date of the public hearing authorized in this section, the local licensing authority

shall make known its findings, based upon its investigation, in writing to the applicant and other parties of interest. The local licensing authority has authority to refuse to issue a license provided for in this section for good cause, subject to judicial review.

1. Before entering a decision approving or denying the application for a local license, the local licensing authority may consider, except where this Act specifically provides otherwise, the facts and evidence adduced as a result of its investigation, as well as any other facts pertinent to the type of license for which application has been made, including the number, type, and availability of Dispensaries, Cultivation Facilities, Product Manufacturers, Transporters, Testing Facilities, Research Facilities or Education Facilities located in or near the premises under consideration, and any other pertinent matters affecting the qualifications of the applicant for the conduct of the type of business proposed.

2. Within thirty (30) days after the public hearing or completion of the application investigation, a local licensing authority shall issue its decision approving or denying an application for local licensure. The decision shall be in writing and shall state the reasons for the decision. The local licensing authority shall send a copy of the decision by certified mail to the applicant at the address shown in the application.

3. After approval of an application, the local licensing authority shall not issue a local license until the building in which the business to be conducted is ready for occupancy with such furniture, fixtures, and equipment in place as are necessary to comply with the applicable provisions of this Act, and then only after the state or local licensing authority has inspected the premises to determine that the applicant has complied with the

architect’s drawing and the plot plan and detailed sketch for the interior of the building submitted with the application.

4. After approval of an application for conditional state licensure, the state licensing authority shall notify the local licensing authority of such approval. After approval of an application for local licensure, the local licensing authority shall notify the state licensing authority of such approval, who shall investigate and either approve or disapprove the application for state licensure.

M. The Department or the local licensing authority shall not receive or act upon an application for the issuance of a state or local license pursuant to this article:

1. If the application for a state or local license concerns a particular location that is the same as or within three hundred (300) feet of a location for which, within the one year immediately preceding the date of the application, the state or a local licensing authority denied an application for the same class of license due to the nature of the use or other concern related to the location;

2. Until it is established that the applicant is, or will be, entitled to possession of the premises for which application is made under a lease, rental agreement, or other arrangement for possession of the premises or by virtue of ownership of the premises;

3. For a location in an area where the cultivation, manufacture, and sale of medical marijuana as contemplated is not permitted under the applicable zoning laws of the municipality, city and county, or county;

4. If the nearest point of entry for the building in which a MMB is located is within three hundred (300) feet of the nearest point of entry of a school using a route of direct pedestrian access. The provisions of this section shall not affect the renewal or reissuance of a license once granted or apply to licensed premises

located or to be located on land owned by a municipality, nor shall the provisions of this section apply to an existing licensed premises on land owned by the state, or apply to a license in effect and actively doing business before said public or private school was constructed or in operation.

5. The local licensing authority of a city and county, by rule or regulation, the governing body of a municipality, by ordinance, and the governing body of a county, by resolution, may reduce the distance restrictions imposed by this subparagraph for a license.

N. The Department shall forward a copy of all new MMB applications to the relevant local licensing authority.

1. The Department shall notify the relevant local licensing authority when an application for a MMB is either approved or denied. This includes new business applications, renewal business applications, change of location applications, transfer of ownership applications, premises modification applications, and off-premises storage permit applications.

2. Any license issued or renewed by the Department for a MMB shall be conditioned upon relevant local licensing authority approval of the application.

O. Local licensing authorities may impose separate local licensing requirements related to the time, place, and manner of MMB, and shall otherwise determine if an application meets those local requirements; however, local licensing requirements shall not be unduly burdensome or involve zoning restrictions that have the effect of prohibiting said MMB. Local licensing authorities shall not impose separate licensing requirements that restrict the days of operation for a licensee or hours of operation beyond any reasonable standard applied to a commercial pharmacy.

1. The local licensing authority shall notify the Department, in writing, of whether an application for a MMB complies

with local restrictions and requirements, and whether the application is approved or denied based on that review. If a local licensing authority makes any written findings of fact, a copy of those written findings shall be included with the notification.

P. The relevant local licensing authorities and their investigators may inspect MMB during business hours and other times of apparent activity upon reasonable advanced notification of at least twenty-four (24) hours, for the purpose of inspection or investigation.

SECTION 23. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8023 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created the Medical Marijuana Business ("MMB") license, which shall include the following categories:

1. Medical Marijuana Cultivation Facility;
2. Medical Marijuana Product Manufacturer;
3. Medical Marijuana Dispensary;
4. Medical Marijuana Transporter; and
5. Medical Marijuana Testing Laboratory;

B. The Department, with the aid of the Office of Management and Enterprise Services, shall develop a website for MMB applications.

C. The Department shall, within sixty (30) days of the effective date of this act, make available on its website or the website of the Authority in an easy-to-find location, applications for an MMB.

D. The Department shall accept all applications for MMB licenses during a thirty (30) day period each year as identified by the Authority pursuant to this Act. The initial thirty (30) day period for accepting MMB license applications shall occur no later than three (3) months after the enactment of this Act.

E. The nonrefundable application fee for an MMB license shall be Two Thousand Five Hundred Dollars ($2,500.00).

F. All applicants seeking licensure as a MMB, 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. A license or registration issued to an MMB or an individual constitutes a revocable privilege. The burden of proving an Applicant's qualifications for licensure or registration rests at all times with the Applicant.

3. Each application shall identify the local licensing authority.

4. Applicants shall submit a complete application to the Department before it will be accepted or considered.

5. All applications shall be complete and accurate in every detail.

6. All applications shall include all attachments or supplemental information required by the forms supplied by the Department.

7. All applications shall be accompanied by a full remittance for the whole amount of the application fees. Application fees are non-refundable.

8. All Applicants shall be approved for Licensing Review that, at a minimum, meet the following criteria:

a. Applicant must be age twenty-five (25) or older;

b. Any applicant, applying as an individual, must show they are Oklahoma residents pursuant to this Act;

c. Any applicant, applying as an entity, must show that all members, managers, and board members are Oklahoma residents pursuant to this Act;

d. All applying individuals or entities must be registered to conduct business in the State of Oklahoma;

e. All applicants must disclose all ownership interests pursuant to this Act;

f. Applicants must 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, cannot be current inmates, or currently incarcerated in a corrections facility.

9. There shall be no limit to the number of MMB 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. During the first round of licensure, applicants may only be granted one (1) Cultivation Facility license.

10. All applicants for an MMB license, related Occupational license, Research Facility License, or Education Facility license authorized by this Act shall undergo an Oklahoma state criminal history background check conducted by the Oklahoma State Bureau of Investigation ("OSBI") or a third-party vendor authorized by the Department 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;

d. All owners of an entity as defined by this Act.

10. All applicable fees charged by the Oklahoma State Bureau of Investigation vendor are the responsibility of the applicant.

11. All applicants shall provide proof of Oklahoma residency for a minimum period of two (2) years immediately preceding submission of the application. Sufficient documentation of proof of residency shall include a combination of the following during the two (2) year period immediately preceding submission of the application:

a. An unexpired Oklahoma issued driver's 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;

e. A rental agreement for residential property located in the State of Oklahoma.

12. No license applicant shall be required to submit a registration with the Oklahoma Bureau of Narcotics and Dangerous Drugs Control as provided in Title 63 O.S. Section 2-202 to 2-204.

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's 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.

12. All applicants shall submit an applicant photograph as defined pursuant to this Act.

F. The Department shall review the MMB applications, approve or reject the application and mail the approval, rejection or status-update letter to the applicant within fourteen (14) days of receipt of the application.

G. Approved applications shall be submitted to the Authority for Inspection, Licensure Review, and Final Authorization within fourteen (14) days of initial application approval.

SECTION 24. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8024 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Applications for MMB that meet the minimum qualifications defined in Section 23 shall be submitted to the Authority for Inspection, Licensure Review, and Final Authorization.

B. The Authority shall review the approved MMB applications, conduct all investigations, inspections, interviews, and issue its Final Authorization within no less than thirty (30) days and no more than ninety (90) days from receipt of the approved application. The Authority shall approve or reject the Final Authorization and mail the approval, rejection or status-update letter to the applicant within ten (10) days of its decision.

1. Approved applicants shall be issued an MMB License for the specific category applied under which shall act as proof of their approved status.

2. 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 an enumerated reason provided for in this Act.

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.

C. A license provided by this Act shall not be issued until all relevant local licenses and permits have been issued by the local licensing authority, including but not limited to an Occupancy Permit or Certificate of Compliance.

D. In the event that an applicant has not been issued an authorization from a local licensing authority, but the applicant has fulfilled all other obligations required by this Act, the Authority shall grant a conditional license subject to the approval of the local licensing authority. A conditional license shall remain valid for a period of one (1) year or until the applicant obtains approval from the local licensing authority. An applicant shall not operate an MMB until approval is received from the local licensing authority. If an applicant has not received approval from a local licensing authority within one (1) year of submission of an application to a local licensing authority, the Authority may deny Final Authorization of the MMB license. No local licensing authority shall withhold approval of an MMB license for an unreasonable period of time or for arbitrary, capricious, or ambiguous reasons. A local licensing authority shall approve license applications that meet the criteria set forth in this Act.

E. A license provided by this Act shall not be issued 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 licensed physician making patient recommendations;

5. A person under twenty-one years of age;

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

a. File any taxes, interest, or penalties due related to an MMB;

b. Pay any taxes, interest, or penalties due related to na MMB;

7. A person who fails to meet qualifications for licensure that directly and demonstrably relate to the operation of an MMB;

8. A person who employs another person at a medical marijuana facility who has not passed a criminal history record check;

9. A sheriff, deputy sheriff, police officer, or prosecuting officer, or an officer or employee of the Department, Authority, or local licensing authority;

10. A person whose authority to be a primary caregiver as defined in this Act has been revoked by the Department;

11. A publicly traded company;

F. In investigating the qualifications of an applicant or a licensee, the Department and local licensing authorities 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 or local licensing authority considers the applicant’s criminal history record, the state or local licensing authority 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 applicant's last criminal conviction and the consideration of the application for a state license.

1. As used in this paragraph of this subsection, "criminal justice agency" means any federal, state, or municipal court or any governmental agency or subunit of such agency that administers criminal justice pursuant to a statute or executive order and that allocates a substantial part of its annual budget to the administration of criminal justice.

G. Upon request by the Department, an Applicant shall provide any additional information required to process and fully investigate the application. The additional information must be provided to the Department no later than seven days after the request is made unless otherwise specified by the Department.

H. An Applicant's failure to provide the requested information by the Department deadline may be grounds for denial of the application.

I. 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 Applicant's background investigation. This type of conduct may be considered as the basis for additional administrative action against the Applicant.

J. All application forms supplied by the Department and filed by an Applicant for a license, including attachments and any other documents associated with the investigation, may be used for a purpose authorized by this Act, any subsequent rules developed by the Department, or for any other state or local law enforcement purpose or as otherwise required by law.

K. An Applicant is prohibited from operating an MMB prior to

obtaining all necessary licenses, registrations, or approvals from both the Department and the local licensing authority.

L. In addition to any further information requested by the Department or the local licensing authority, all Applicants shall provide at a minimum:

1. A description of the type of MMB being applied for, anticipated number of employees, projected or actual gross receipts, a business plan, proposed marijuana facility location, and security plan as required under this Act;

2. The deed, lease, sublease, contract, or other document(s); governing terms and conditions of occupancy of the premises to be licensed; MMB

3. A facility plan that shall include, but not be limited to, the following:

a. The type of MMB facility, location, description of the municipality;

b. Diagram of the facility including, but not limited to, its size and dimensions; specifications, physical address, location of common entryways, doorways, or passageways; means of public entry or exit; limited-access areas within the facility; and indication of the distinct areas or structures at a same location;

c. Floor plan and layout, including dimensions, maximum storage capabilities, number of rooms, dividing structures, entrances and exits, and firewalls where required by municipal building codes;

d. Means of egress, including, but not limited to, delivery and transfer points;

e. Construction details for structures and fire-rated construction for new walls;

f. Building structure information, including but not limited to, new, pre-existing, free-standing, or fixed. Building type information, including but not limited to, commercial, warehouse, industrial, retail, converted property, house, building, mercantile building, pole barn, greenhouse, laboratory, or center;

g. Zoning classification and zoning information; and

h. If the proposed facility is in a location that contains multiple tenants and any applicable occupancy restrictions;

d. Any other information required by the Department so long as it is not inconsistent with the act and rules promulgated thereunder;

e. Any changes or modifications to the facility plan under this provision must be reported to the Department and may require pre-approval by the Department;

e. The Department may provide a copy of the facility plan to the state fire official, local fire department, and local zoning or planning authorities for use in pre-incident review and planning;

f. The Department may re-inspect the facility to verify the plan at any time and may require that the plan is re-submitted upon renewal.

M. An MMB licensed premise shall be subject to and responsible for compliance with all applicable provisions of the International Building Code ("IBC") and the International Fire Code ("IFC"), unless granted a variance by the Authority or local licensing authority.

N. An MMB shall meet the following security requirements:

1. The physical security controls set forth in Sections 1301.72 through 1301.74 of Title 21 of the Code of Federal Regulations, as existing on January 1, 2018.

2. All storage and sale of marijuana occurs within a

building that:

a. Is secure against unauthorized entry;

b. Has a foundation, slab or equivalent base to which the building is securely attached;

c. Meets performance standards ensuring that storage and processing activities cannot be and are not perceptible from outside the structure in terms of:

i. Common visual observations;

ii. Odors, smell, fragrances, other olfactory stimulus;

iii. Light pollution, glare or brightness;

iv. Adequate ventilation to prevent mold;

v. Noise; and

vi. Provides complete visual screening.

d. Is accessible only through one or more lockable doors.

3. Current detailed plans and elevation drawings of all operational areas involved with medical marijuana are maintained on the premises of the MMB, including:

a. All storage areas, ventilation systems and equipment used for growing;

b. All entrances and exits to the facility;

c. All windows, skylights and retractable mechanisms built into the roof;

d. The location of all required security cameras;

e. The location of all alarm system surveillance areas;

f. All video and alarm system surveillance areas;

g. All sales areas labeled according to the specific activity occurring within the area;

h. All restricted and limited access areas identified; and

i. All non-growing areas labeled according to

purpose.

4. Access to where marijuana is stored is limited to authorized personnel and:

a. Designated by clearly marked signage; and

b. Locked and accessible only by authorized personnel on a current roster of authorized personnel.

5. Written policies regarding any non-registered agent who may visit the premises and a log of all visitors to the premises are developed and maintained. The log shall consist of the name of the visitor, purpose of visit, time of arrival and time of departure. Visitors to a Cultivation Facility shall be attended to by a Facility agent at all times while present on the premises. Contractors conducting repairs, maintenance or other specific duties may be escorted to their worksite and left unaccompanied while completing a job. Facility agents shall ensure that the contractor and area under repair are under video surveillance for the duration of the time spent on the premises by the contractor;

6. An alarm system is equipped that, upon attempted unauthorized entry, transmits a signal directly to a central protection company for a local or state police agency and a designated commercial grower agent. The alarm shall:

a. Provide coverage for all points of ingress to and egress from the commercial grower facility including, without limitation, doorways, windows, loading bays, skylights and retractable roof mechanisms,

b. Provide coverage of any room with an exterior wall, any room containing a safe and any room used to grow or store medical marijuana,

c. Be equipped with a panic drive that upon activation shall not only sound any audible alarm components but shall also notify law enforcement,

d. Have duress and hold-up features to enable a commercial grower agent to activate a silent alarm notifying law

enforcement of an emergency,

e. Be equipped with failure notification systems to notify the commercial grower facility and law enforcement of any failure in the alarm system, and

f. Have the ability to remain operational during a power outage;

7. An accounting for all marijuana plants grown, seeds or seedlings sold, concentrate sold, products manufactured, and end-use sales of all said products, including but not limited to:

a. Species,

b. Strains,

c. Whether it is a male or female plant,

d. Size,

e. Yield,

f. Lineage,

g. Batch number, and

h. Any unique characteristics.

O. All applications and site plan submissions shall comply with the relevant provisions to marijuana facilities as set forth in the most recent version of the International Building Code and the International Fire Code.

SECTION 25. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8025 of Title 63, unless there is created a duplication in numbering reads as follows:

A. All MMB licenses shall pay the relevant licensure fees prior to receiving their authorization to operate their MMB, as defined in this Act for each class of license.

B. All MMB license holders pursuant to this Act shall meet the following provisions:

C. A MMB shall not hire any person who:

1. Has a nonviolent felony conviction in the two (2) years preceding employment;

2. Has any other felony conviction in the five (5) years preceding employment;

3. Is on parole or otherwise under the custody and control of the Oklahoma Department of Corrections;

D. It shall be the obligation of the MMB to perform a background check on each applicant prior to employment.

1. All persons associated with an MMB shall consent to and undergo a national criminal history record check and an Oklahoma criminal history record check by the OSBI. Background check documentation shall be submitted annually to the Department.

2. All applicable background check fees shall be paid by the MMB.

E. An MMB shall take reasonable measures and precautions to ensure the following:

1. That all retail sales are done in premises that are in compliance with local ordinances including, but not limited to, zoning, occupancy, licensing and building codes;

2. That staff involved in the handling, transportation, manufacture, testing or packaging of marijuana have completed general safety training;

3. That any person who, by medical examination or supervisory observation, is shown to have or appears to have, an illness, open lesion, including a boil, sore, or infected wound, or any other abnormal source of microbial contamination for whom there is a reasonable possibility of contact with preparation surfaces for medical marijuana, shall be excluded from any operations which may be anticipated to result in such contamination until the condition is corrected;

4. That hand-washing facilities are adequate, convenient

and furnished with running water at a suitable temperature. Hand-washing facilities shall be located in the facility in medical marijuana and marijuana-derived product preparation areas and where good sanitary practices require employees to wash or sanitize their hands. Hand-washing facilities shall provide effective hand-cleaning and sanitizing preparations and sanitary towel service or suitable drying devices;

5. That all persons involved in preparing or handling medical marijuana at the commercial growing operation conform to hygienic practices while on duty, including:

a. Maintaining adequate personal cleanliness,

b. Washing hands thoroughly in an adequate hand-washing area before starting work and at any other time when the hands may have become soiled or contaminated,

c. Refraining from preparing or handling medical marijuana if the handler has or may have an illness, open lesion, including boils, sores or infected wounds, or any other abnormal source of microbial contamination, until such condition is corrected, and

d. Complying with the other requirements of this section;

6. That there is sufficient space for placement of equipment and storage of materials as is necessary for the maintenance of sanitary operations for cultivating or harvesting medical marijuana;

7. That litter and waste are properly removed and the operating systems for waste disposal are maintained in an adequate manner so that they do not constitute a source of contamination in areas where medical marijuana is exposed;

8. That there is adequate safety lighting in all areas where medical marijuana is processed or stored and where equipment or utensils are cleaned;

9. That there is adequate screening or other protection

against the entry of pests. Rubbish shall be disposed of so as to minimize the development of odor, minimize the potential for the waste becoming an attractant and harborage or breeding place for pests;

10. That buildings, fixtures and other physical facilities where marijuana is stored are maintained in a sanitary condition;

11. That all contact surfaces, including utensils and equipment used for preparation of marijuana, are cleaned and sanitized as frequently as necessary to protect against contamination;

12. That all equipment and utensils used for preparation of marijuana are designed and of such material and workmanship as to be adequately cleanable and are properly maintained;

13. That only Environmental Protection Agency (EPA) registered sanitizing agents are used in commercial growing operations and that they are used in accordance with labeled instructions;

14. That toxic cleaning compounds, sanitizing agents and pesticide chemicals shall be identified, held and stored in a manner that protects against contamination of medical marijuana;

15. That the water supply is sufficient for the operations intended and is derived from a source that is a regulated water system. Private water supplies shall be from a water source that is capable of providing a safe, potable and adequate supply of water to meet the needs of the commercial growing facility;

16. That plumbing shall be of adequate size and design, adequately installed and maintained to carry sufficient quantities of water to required locations throughout the facility. The plumbing shall properly convey sewage and liquid disposable waste from the facility;

17. That there are no cross-connections between the potable and wastewater lines;

18. That the licensee provide its employees with adequate, readily accessible toilet facilities that are maintained in a sanitary condition and good repair;

19. That all operations in the receipt, inspection, transport, segregation, preparation, manufacture, packaging and storage of medical marijuana are conducted in accordance with adequate security and sanitation principles;

20. That medical marijuana that can support the rapid growth of undesirable microorganisms are stored and transported in a manner that prevents the growth of these microorganisms;

21. That storage and transportation of medical marijuana are under conditions that will maintain security and protect medical marijuana against physical, chemical and microbial contamination as well as against deterioration of the medical marijuana or marijuana-derived product and the container; and

22. That current material safety data sheets are kept on the premises for all chemicals used including, but not limited to, cleaning compounds, sanitizing agents and pesticides.

23. That extraction for the purpose of testing concentrates is conducted in a closed system utilizing an oil extractor solvent such as N-butane or carbon dioxide or utilizing ethyl alcohol.

24. Inspection by the local fire marshal for the storage and use of any hazardous chemicals shall be required prior to processing medical marijuana.

F. Any and all detailed plans, elevation drawings and written policies shall be provided to the Department prior to being deemed registered to conduct business in the State of Oklahoma. In addition, the Department may inspect the premises and business plans, and conduct interviews of all applicants prior to being deemed registered to conduct business in the State of Oklahoma.

G. The monthly visitors log and any changes to the detailed

plans, elevation drawings and written policies shall be reported to the Department along with the monthly yield and sales report on the 15th of each month.

H. An MMB shall maintain compliance with applicable city or county building or structure rules, regulations or ordinances and any other applicable state laws or rules regarding buildings or structures.

I. Each MMB shall develop, implement and maintain on its premises policies and procedures relating to the medical marijuana program, which shall at a minimum include the following:

1. Distribution criteria for licensed patients or primary caregivers appropriate for marijuana services to include clear, legible photocopies of the registry identification card and Oklahoma photo identification card of every licensed patient or primary caregiver served by the private entity;

2. Testing criteria and procedures, which shall be consistent with the testing requirements of the Department;

3. Alcohol- and drug-free workplace policies and procedures;

4. Employee policies and procedures to address the following requirements:

a. job descriptions or employment contracts developed for every employee that identify duties, authority, responsibilities, qualifications and supervision, and

b. training materials concerning adherence to state and federal confidentiality laws;

5. Personnel records for each employee that include an application for employment and a record of any disciplinary action taken;

6. On-site training curricula or contracts with outside resources capable of meeting employee training needs to include, at a minimum, the following topics:

a. Professional conduct, ethics and patient

confidentiality, and

b. Informational developments in the field of medical use of marijuana;

7. Training documentation prepared for each employee and statements signed by employees indicating the topics discussed which shall include names and titles of presenters and the date, time and place the employee received said training;

8. A written policy regarding the right of the MMB to refuse service;

9. A confidentiality policy to ensure that identifying information of licensed patients is not disclosed or disseminated without authorization from the patient, except as otherwise required by the Department; and

10. Such other policies or procedures as the Department may require.

J. An MMB shall maintain documentation of the training of an employee for a period of at least six (6) months after terminating the employment of the employee. Employee training documentation shall be made available within twenty-four (24) hours of a request by the Department. The twenty-four-hour period shall exclude holidays and weekends.

K. Each MMB shall maintain a backup of all reports and lists described in this section, off-site and in a secure facility. This backup shall be updated each week.

L. Failure to maintain all reports and lists described in this section shall result in review of the license of the Cultivation Facility with the potential revocation of their license.

SECTION 26. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8026 of Title 63, unless there is created a duplication in numbering reads as follows:

A. An applicant for an MMB license shall disclose the sources and total minimum amount of capitalization necessary to operate and

maintain a proposed MMB. In recognition of the federal restrictions currently in place regarding lending agreements, financial services, and banking relationships with MMBs, an applicant must demonstrate the total minimum amounts of capitalization based on the type of MMB specified in the application for an operating license as follows:

1. Medical Marijuana Cultivator - $100,000.00

2. Medical Marijuana Product Manufacturer - $100,000.00

3. Medical Marijuana Dispensary - $100,000.00

4. Transporter - $150,000.00

5. Medical Marijuana Testing Laboratory - $150,000.00

B. An applicant shall provide proof to the Department of the capitalization amounts in this section as follows:

1. Not less than twenty five percent (25%) is in liquid assets to cover the initial expenses of operating and maintaining the proposed marijuana facility as specified in the application. For purposes of this subdivision liquid assets include assets easily convertible to cash, including, but not limited to cash, CD's 401(k), stocks and bonds.

2. Proof of the remaining capitalization to cover the initial exposes of operating and maintaining the proposed facility may include but is not limited to additional liquid assets as described in this subdivisions of this section or equity in real property, supplies, equipment, fixtures or any other non-liquid asset.

3. The application shall provide that there is no lien or encumbrance on the asset provided as a source of capitalization.

4. The capitalization amounts and sources must be validated by Certified Professional Accountant(CPA)-attested financial statements. The applicant shall disclose any of the capitalization sources that are foreign and a foreign CPA or its

equivalent shall attest to the validation and a domestic CPA shall attest that foreign validation.

C. All applications must include all information required by the Department related to all owners with financial interests in the applicant's project, including applicant's proposed Direct Beneficial Interest Owners, Indirect Beneficial Interest Owners, and Qualified Limited Passive Investors, and all other direct and indirect financial interests.

D. For purposes of this Act:

1. "Affiliated Interest: means any Business Interest related to a MMB that does not rise to the level of a financial interest in a MMB 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 promulgated rules thereunder, an affiliated interest holder shall neither exercise control of nor be positioned to enable the exercise of control over the MMB or its operations. An MMB 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. "Associated Key License" means an Occupational License for an individual who is a Direct Beneficial Interest Owner of the MMB, other than a Qualified Limited Passive Investor, and any Person who controls or is positioned so as to enable the exercise of control over a MMB. Each shareholder, officer, director, member, or partner of a Closely Held Business Entity that is a Direct Beneficial Interest Owner and any Person who controls or is positioned as to

enable the exercise of control over a MMB must hold an Associated Key License.

3. "Business Interest" means any person that holds a financial interest or an affiliated interest in an MMB;

4. "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, each of whom holds an Associated Key License, and each of whom is a United States citizen prior to the date of application. There must 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 MMB for which it is a Direct Beneficial Interest Owner;

5. "Commercially Reasonable Royalty" means a right to compensation in the form of a royalty payment for the use of intellectual property with a direct nexus to the cultivation, manufacture, transfer, or testing of medical marijuana or medical marijuana products. A commercially reasonable royalty must be limited to a specific intellectual property the commercially reasonable royalty interest holder owns or is otherwise authorized to license or to a product or line of products. A commercially reasonable royalty will not be approved where it could cause reasonable consumer confusion or violate any federal copyright, trademark, or patent law or regulation. The royalty shall provide for compensation to the royalty holder as a percentage of gross revenue or gross profit. The royalty payment must be at a reasonable percentage rate. To determine whether the percentage rate is reasonable, the Department will consider the totality of the circumstances, including but not limited to the following factors:

a. The percentage of royalties received by the

recipient for the licensing of the intellectual property.

b. The rates paid by the Licensee for the use of other intellectual property.

c. The nature and scope of the license, as exclusive or non-exclusive; or as restricted or non-restricted in terms of territory or with respect to some the product may be sold.

d. The licensor's established policy and marketing program to maintain his intellectual property monopoly by not licensing others or by granting licenses under special conditions designed to preserve that monopoly.

e. The commercial relationship between the recipient and the Licensee, such as, whether they are competitors in the same territory in the same line of business.

f. The effect of selling the intellectual property in promoting sales of other products of the Licensee, the existing value of the intellectual property to the recipient as a generator of sales of his non-intellectual property items; and the extent of such derivative sales.

g. The duration of the term of the license for use of the intellectual property.

h. The established or projected profitability of the product made using the intellectual property; its commercial success; and its current popularity.

i. The utility and advantages of the intellectual property over products or businesses without the intellectual property.

j. The nature of the intellectual property; the character of the commercial embodiment of it as owned and produced by the licensor; and the benefits to those who have used the intellectual property.

k. The portion of the profit or of the selling price that may be customary in the particular business or in comparable businesses to allow for the use of the intellectual

property.

1. The portion of the realizable profit that should be credited to the intellectual property as distinguished from non-intellectual property elements, the manufacturing process, business risks, or significant features or improvements added by the Licensee.

6. "Commercially Reasonable Royalty Interest Holder" means a Person that receives a Commercially Reasonable Royalty in exchange for a Licensee's use of the Commercially Reasonable Royalty Interest Holder's Intellectual property. A Commercially Reasonable Royalty Interest Holder is an Indirect Beneficial Interest Owner;

7. "Financial Interest" means any Direct Beneficial Interest Owner, a Commercially Reasonable Royalty Interest Holder 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 MMB;

8. "Indirect Beneficial Interest Owner" means a holder of a Permitted Economic Interest, a recipient of a Commercially Reasonable Royalty associated with the use of intellectual property by a Licensee, 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 must 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;

9. "Key License" means an Occupational License for an individual who performs duties that are central to the MMB' operation. An individual holding a Key License has the highest level

of responsibility. An example of a Key Licensee includes, but is not limited to, managers;

10. "Owner" means, except where the context otherwise requires, a Direct Beneficial Interest Owner;

11. "Permitted Economic Interest" means an Agreement to obtain ownership interest in a MMB 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;

12. "Profit Sharing Plan" means a profit-sharing plan that is qualified pursuant to 26 U.S.C. § 401 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 an MMB;

13. "Profit-Sharing Plan Employee" means an employee holding an Occupational License who receives a share of an MMB's profits through a Profit-Sharing Plan. A Profit-Sharing Plan Employee is an Indirect Beneficial Interest Owner;

14. "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 or more of a licensee;

g. A state or federal government pension plan; or

h. A group comprised entirely of persons specified in (a) through (g) of this definition.

i. A "Qualified Institutional Investor" is an Indirect Beneficial Interest Owner;

15. "Qualified Limited Passive Investor" means a natural person who is a United States citizen and is a passive investor who owns less than a five percent share or shares of stock in a licensed MMB. A Qualified Limited Passive Investor is a Direct Beneficial Interest Owner;

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

1. For each Associated Key License Applicant, 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 MMB Applicant and each Associated Key License 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 Associated Key License applications for all shareholders, members, partners, officers and directors who do not already hold an Associated Key License;

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;

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.

d. For each MMB Applicant and each Associated Key License Applicant, documentation establishing compliant return filing and payment of taxes related to any MMB in which such Applicant is, or was, required to file and pay taxes;

4. For each MMB Applicant and each Associated Key License Applicant, documentation verifying and confirming the funds used to start and/or sustain the operation of the MMB were lawfully earned or obtained;

F. All applicants to reinstate a license or registration will be deemed an application for a new license or registration. This includes, but is not limited to, Associated Key licenses that have expired, MMB 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.

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

H. 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.

I. The MMB seeking to obtain financing or otherwise establish any type of relationship with an Indirect Beneficial Interest Owner, including a Permitted Economic Interest, a Commercially Reasonable Royalty Interest Holder, a Profit-Sharing Plan Employee, or a Qualified Institutional Investor, must file all required documents with the Department, including any supplemental documents requested by the Department during its review of the application.

1. The MMB seeking approval of an Indirect Beneficial Interest Owner must meet the following requirements:

a. All applications for approval of an Indirect Beneficial Interest Owner shall be made on forms prescribed by the Department.

b. The burden of proving that a proposed Indirect Beneficial Interest Owner is qualified to hold such an interest rests at all times with the MMB submitting the application.

c. The MMB applying for approval of any type of Indirect Beneficial Interest Owner must submit a complete application to the Department before it will be accepted or considered.

d. All applications must be complete and accurate in every material detail.

e. All applications must include all attachments or supplemental information required by the forms supplied by the Department.

f. All applications must be accompanied by a full remittance of the required fees.

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

h. The proposed holder of the Indirect Beneficial Interest is not a publicly traded company.

i. Additional Information may be required:

i. Upon request by the Department, an MMB applying to have any type of Indirect Beneficial Interest Owner shall provide any additional information required to process and fully investigate the application. The additional information must be provided to the Department no later than seven days after the request is made unless otherwise specified by the Department.

ii. Failure to provide the requested information by the Department's deadline may be grounds for denial of the application.

2. An MMB 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 MMB and it may also be the basis for criminal charges against either the MMB Applicant or the Indirect Beneficial Interest Owner.

3. All application forms supplied by the Department and filed by an Applicant for a license, including attachments and any other documents associated with the investigation, may be used for a purpose authorized by this Act, subsequent rules developed by the Department, or for any other state or local law enforcement purpose, or as otherwise required by law.

4. Each Financial Interest in an MMB is void and of no effect unless and until approved by the Department. Any amendment of a Financial Interest is also void and of no effect unless and until approved by the Department.

5. If at any time the Department finds any Indirect Beneficial Interest Owner is not qualified, or is no longer qualified, the Department may require the MMB to terminate its relationship with and financial ties to the Indirect Beneficial Interest Owner within a specified time period. Failure to terminate such relationship and financial ties within the specified time period may constitute a violation affecting public safety and be a basis for administrative action against the MMB.

6. At the time of application, a MMB seeking to obtain approval of a Permitted Economic Interest shall provide evidence to establish that the natural person seeking to become a Permitted Economic Interest holder is a lawful resident of the United States and shall provide documentation verifying and confirming the funds used for the Permitted Economic Interest were lawfully earned or obtained.

7. The MMB Applicant seeking to obtain financing from a Permitted Economic Interest must submit a copy of the Agreement between the MMB and the person seeking to hold a Permitted Economic Interest. The following requirements apply to all Agreements:

a. The Agreement must be complete, and must fully incorporate all terms and conditions.

b. The following provisions must be included in the Agreement:

i. Any interest in an MMB, whether held by a Permitted Economic Interest or any other person, must be acquired in accordance with the provisions of this Act, as applicable, and the rules promulgated thereunder. The issuance of any Agreement or other

interest in violation thereof shall be void. 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 MMB until the Permitted Economic Interest is approved by the Department.

ii. No Agreement or other interest issued by the MMB 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 thereunder. Any transfer in violation thereof shall be void.

iii. The MMB and the Permitted Economic Interest holder must sign an affirmation of passive investment on a form approved by the Department.

iv. The MMB must initiate any process to convert a Permitted Economic Interest to a Direct Beneficial Interest Owner and the process to convert the Permitted Economic Interest into a Direct Beneficial Interest Owner must be completed prior to the expiration or termination of the Agreement. The holder of the Permitted Economic Interest must meet all qualifications for licensure and ownership pursuant to this Act and any rules promulgated thereunder prior to conversion of the Permitted Economic Interest to a Direct Beneficial Interest Owner.

v. At the election of the MMB, if the holder of the Permitted Economic Interest is not qualified for licensure as a Direct Beneficial Interest Owner but is qualified as a holder of the Permitted Economic Interest, and the Permitted Economic Interest is also approved by the Department then the Permitted Economic Interest may remain in force and effect for as long as it remains approved by the Department under this Act as applicable, and any rules promulgated thereunder.

vi. The Permitted Economic Interest holder shall disclose in writing to the Department and to the MMB 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 and/or that could lead to a denial of licensure pursuant to this Act and any rules promulgated thereunder.

vii. The MMB shall disclose in writing to the Department any and all disqualifying events, within ten (10) days after receiving notice of the event, which could lead to a finding that the holder is no longer qualified to hold the Permitted Economic Interest and/or that could lead to a denial of licensure pursuant to this Act as applicable, and any rules promulgated thereunder.

viii. The failure of a Permitted Economic Interest holder or an MMB to make required disclosures may be grounds for administrative action including but not limited to denial of a subsequent request to convert the Permitted Economic Interest into an ownership interest in the MMB. Failure to make required disclosures may lead to a finding that the Permitted Economic Interest is no longer approved, and a requirement that the MMB terminate its relationship with the Permitted Economic Interest holder.

ix. The Permitted Economic Interest holder agrees and acknowledges that it has no entitlement or expectation of being able to invest in, or have a relationship with, the MMB unless and until the Department determines the Permitted Economic Interest is approved. The Permitted Economic Interest holder agrees and acknowledges that its relationship with the MMB is contingent upon Department approval. The Permitted Economic Interest holder understands and acknowledges that approval by the Department is wholly discretionary and the Department may, at any time, deny approval of the Permitted Economic Interest or find that the Permitted Economic Interest is no longer qualified. The Permitted Economic Interest Holder agrees and acknowledges it has no entitlement to or expectation of the Department approving the

Permitted Economic Interest. The Permitted Economic Interest holder further agrees that any administrative or judicial review of a determination by the Department regarding the qualification or approval of the Permitted Economic Interest will only occur through licensing or enforcement proceedings involving the MMB. The Permitted Economic Interest holder further agrees and acknowledges that the Permitted Economic Interest holder shall only be entitled to notice of a denial or administrative action concerning the MMB if the denial or administrative action is based upon, or directly related to, the qualifications or actions of the Permitted Economic Interest holder. The Permitted Economic Interest holder also agrees and acknowledges that the Permitted Economic Interest holder may only request leave to intervene in an administrative proceeding against the MMB if the administrative proceeding is based upon, or directly related to, the qualifications or actions of the Permitted Economic Interest holder. Furthermore, the Permitted Economic Interest holder agrees and acknowledges that the Permitted Economic Interest holder may only seek judicial review of an action against the MMB if the administrative action is based upon, or directly related to, the qualifications or actions of the Permitted Economic Interest holder.

8. An MMB seeking to utilize the intellectual property of a Commercially Reasonable Royalty Interest Holder must submit a copy of the contract between the MMB and the Person seeking to hold a Commercially Reasonable Royalty Interest Holder must submit a copy of the contract between the MMB and the Person seeking to hold a Commercially Reasonable Royalty Interest. The following requirements apply to all such contracts:

a. The Agreement must be complete, and must fully incorporate all terms and conditions.

b. The following provisions must be included in the Agreement:

i. Any interest in an MMB, whether held by a Commercially Reasonable Royalty Interest Holder or any other person, must be acquired in accordance with the provisions of this Act, as applicable, and the rules promulgated thereunder. The issuance of any contract or other interest in violation thereof shall be void.

ii. No Agreement or other interest issued by the MMB 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 thereunder. Any transfer in violation thereof shall be void.

iii. The MMB and the Commercially Reasonable Royalty Interest Holder must sign an affirmation of passive investment on a form approved by the Department.

iv. The Commercially Reasonable Interest Holder shall disclose in writing to the Department and to the MMB any and all disqualifying events, within ten days after occurrence of the event, that could lead to a finding that the Commercially Reasonable Royalty Interest Holder is not qualified to hold the Commercially Reasonable Royalty Interest.

v. The MMB shall disclose in writing to the Department any and all disqualifying events, within ten days after receiving notice of the event, which would lead to a finding that the Commercially Reasonable Royalty Interest Holder is not qualified to hold the Commercially Reasonable Royalty Interest.

vi. A Commercially Reasonable Royalty Interest Holde or an MMB failure to make required disclosures may lead to a finding that the Commercially Reasonable Royalty Interest is not approved, or is no longer approved, and may lead to a requirement that the MMB terminate its relationship with the Commercially Reasonable Royalty Interest Holder.

vii. The Commercially Reasonable Royalty Interest Holder agrees and acknowledges that its relationship with the MMB is contingent upon Department approval throughout the entire term of its relationship with the MMB. The Commercially Reasonable Royalty Interest Holder understands and acknowledges that approval by the Department is wholly discretionary and the Department may, at any time, find that the Commercially Reasonable Royalty Interest Holder does not qualify or no longer qualifies. The Commercially Reasonable Royalty Interest Holder agrees and acknowledges it has no entitlement to or expectation to approval of the Commercially Reasonable Royalty Interest.

viii. The Commercially Reasonable Royalty Interest Holder further agrees that any administrative or judicial review of a determination by the Department approving or denying the Commercially Reasonable Royalty will only occur through licensing or enforcement proceedings involving the MMB. The Commercially Reasonable Royalty Interest Holder further agrees and acknowledges that the Commercially Reasonable Royalty Interest Holder shall only be entitled to notice of a denial or administrative action concerning the MMB if the denial or administrative action is based upon, or directly related to, the qualifications or actions of the Commercially Reasonable Royalty Interest Holder. The Commercially Reasonable Royalty Interest Holder also agrees and acknowledges that the Commercially Reasonable Royalty Interest Holder may only request leave to intervene in an administrative proceeding against the MMB if the administrative proceeding is based upon, or directly related to, the qualifications or actions of the Commercially Reasonable Royalty Interest Holder. Furthermore, the Commercially Reasonable Royalty Interest Holder agrees and acknowledges that the Commercially Reasonable Royalty Interest Holder may only seek judicial review of an action against the MMB if the administrative action is based upon,

or directly related to, the qualifications or actions of the Commercially Reasonable Royalty Interest Holder.

ix. If the Department determines the Commercially Reasonable Royalty Interest Holder is not in compliance with this Act or rules promulgated subsequent thereto, then the recipient shall discontinue use of such Commercially Reasonable Royalty Interest Holder's intellectual property within thirty (30) days of the Department finding. The recipient shall not pay any renumeration to a Commercially Reasonable Royalty Interest Holder that does not qualify under this Act or rules promulgated subsequent thereunder.

x. The Commercially Reasonable Royalty Interest Holder shall neither exercise control over nor be positioned so as to enable the exercise of control over the MMB. Notwithstanding the foregoing, a Commercially Reasonable Royalty Interest Holder may influence the marketing, advertising, labeling and display of any product or line of products for which the Commercially Reasonable Royalty Interest exists so long as such influence is not inconsistent with this Act or any rules promulgated thereunder.

9. An MMB offering licensed employees a share of the profits through a Profit-Sharing Plan must submit a list of all proposed participants in the Profit-Sharing Plan along with their names, addresses and occupational license numbers and submit a copy of all documentation regarding the Profit-Sharing Plan in connection with the MMB application:

a. The documents establishing the Profit-Sharing Plan must be complete, and must fully incorporate all terms and conditions.

b. The following provisions must be included in the documents establishing the Profit-Sharing Plan:

i. Any interest in na MMB, whether held by a Profit-Sharing Plan or any other person, must be acquired in

accordance with the provisions of this Act, as applicable, and the rules promulgated thereunder. The issuance of any contract or other interest in violation thereof shall be void. Any distributions from a Profit-Sharing Plan must be made in cash, not in the form of stock or other equity interests in the MMB.

ii. No contract or other interest issued by the MMB 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 thereunder. Any transfer in violation thereof shall be void.

iii. The MMB shall disclose in writing to the Department any and all disqualifying events, within ten days after receiving notice of the event, which would lead to a finding that any Profit-Sharing Plan Employee does not qualify under this Act and any rules promulgated thereunder, to participate in the Profit-Sharing Plan.

iv. A Profit-Sharing Plan Employee shall disclose in writing to the Department and to the MMB any and all disqualifying events, within ten days after occurrence of the event, that could lead to a finding that the Profit-Sharing Plan Employee does not qualify or no longer qualifies under this Act and any rules promulgated thereunder, to participate in the Profit-Sharing Plan.

v. The failure of an MMB or a Profit-Sharing Plan Employee to make required disclosures may lead to a finding that the Profit-Sharing Plan is not approved, or is no longer approved, and may lead to a requirement that the MMB terminate its relationship with the Profit-Sharing Plan.

vi. The Profit-Sharing Plan Employee agrees and acknowledges that its relationship with the MMB is contingent upon Department approval throughout the entire term of its relationship with the MMB. The Profit-Sharing Plan Employee understands and acknowledges that approval by the Department is

wholly discretionary and the Department may, at any time, deny approval of the Profit-Sharing Plan. The Profit-Sharing Plan Employee agrees and acknowledges he or she has no entitlement to or expectation to Department approval of the Profit-Sharing Plan or the Profit- Sharing Plan Employee's participation in the plan. The Profit-Sharing Plan Employee further agrees that any administrative or judicial review of a determination by the Department approving or denying the Profit-Sharing Plan or the Profit-Sharing Plan Employee will only occur through licensing or enforcement proceedings involving the MMB. Each Profit-Sharing Plan Employee further agrees and acknowledges that the Profit-Sharing Plan Employee shall only be entitled to notice of a denial or administrative action concerning the MMB if the denial or administrative action is based upon, or directly related to, the qualifications or actions of the Profit-Sharing Plan Employee. The Profit-Sharing Plan Employee also agrees and acknowledges that the Profit-Sharing Plan Employee may only request leave to intervene in an administrative proceeding against the MMB if the administrative proceeding is based upon, or directly related to, the qualifications or actions of the Profit-Sharing Plan Employee. Furthermore, the Profit-Sharing Plan Employee agrees and acknowledges that the Profit-Sharing Plan Employee may only seek judicial review of an action against the MMB if the administrative action is based upon, or directly related to, the qualifications or actions of the Profit-Sharing Plan Employee.

10. Before an MMB may permit a Qualified Institutional Investor to own any portion of the MMB, the MMB must submit the following documentation to the Department in connection with the MMB' application:

a. A description of the Qualified Institutional Investor's business and a statement as to why the Qualified Institutional Investor meets the definition of Qualified Institutional Investor.

b. A certification made under oath and the penalty of perjury by the Qualified Institutional Investor:

i. That the ownership interests were acquired and are held for investment purposes only and were acquired and are held in the ordinary course of business as a Qualified Institutional Investor and not for the purpose of causing, directly or indirectly, the election of a majority of the board of directors, any change in the corporate charter, bylaws, management, policies, or operations of a MMB.

ii. That the Qualified Institutional Investor is bound by and shall comply with this Act and the rules adopted pursuant thereto, is subject to the jurisdiction of the courts of Oklahoma, and consents to Oklahoma as the choice forum in the event any dispute, question, or controversy arises regarding the Qualified Institutional Investor's relationship with the MMB or activities pursuant to this Act and rules adopted pursuant thereto.

iii. The Qualified Institutional Investor agrees and acknowledges that its relationship with the MMB is contingent upon Department approval throughout the entire term of its relationship with the MMB. The Qualified Institutional Investor understands and acknowledges that approval by the Department is wholly discretionary and the Department may, at any time, deny approval of the Qualified Institutional Investor. The Qualified Institutional Investor agrees and acknowledges it has no entitlement to or expectation to Department approval of the Qualified Institutional Investor. The Qualified Institutional Investor further agrees that any administrative or judicial review of a determination by the Department approving or denying the Qualified Institutional Investor will only occur through licensing or enforcement proceedings involving the MMB. The Qualified Institutional Investor further agrees and acknowledges that the Qualified Institutional Investor shall only be entitled to notice or a denial or administrative action

concerning the MMB if the denial or administrative action is based upon, or directly related to, the qualifications or actions of the Qualified Institutional Investor. The Qualified Institutional Investor also agrees and acknowledges that the Qualified Institutional Investor may only request leave to intervene in an administrative proceeding against the MMB if the administrative proceeding is based upon, or directly related to, the qualifications or actions of the Qualified Institutional Investor. Furthermore, the Qualified Institutional Investor agrees and acknowledges that the Qualified Institutional Investor may only seek judicial review of an action against the MMB if the administrative action is based upon, or directly related to, the qualifications or actions of the Qualified Institutional Investor.

iv. An explanation of the basis of the signatory's authority to sign the certification and to bind the Qualified Institutional Investor to its terms.

c. The name, address, telephone number and any other information requested by the Department as required on its approved forms for the officers and directors, or their equivalent, of the Qualified Institutional Investor as well as those Persons that have direct control over the Qualified Institutional Investor's ownership interest in the MMB.

d. The name, address, telephone number and any other information requested by the Department as required on its approved forms for each Person who has the power to direct or control the Qualified Institutional Investor's voting of its shares in the MMB.

e. The name of each Person that beneficially owns any of the Qualified Institutional Investor's voting securities or other equivalent.

f. A list of the Qualified Institutional Investor's affiliates.

g. A list of all regulatory agencies with which the Qualified Institutional Investor files periodic reports, and the name, address, and telephone number of the individual, if known, to contact at each agency regarding the Qualified Institutional Investor.

h. A disclosure of all criminal or regulatory sanctions imposed during the preceding ten years and of any administrative or court proceedings filed by any regulatory agency during the preceding 5 years against the Qualified Institutional Investor, its affiliates, any current officer or director, or any former officer or director whose tenure ended within the preceding 12 months. As to a former officer or director, such information need be provided only to the extent that it relates to actions arising out of or during such person's tenure with the Qualified Institutional Investor or its affiliates.

i. A copy of any filing made under 16 U.S.C. § 18a with respect to the acquisition or proposed acquisition of an ownership interest in the MMB.

j. Any additional information requested by the Department.

11. The Permitted Economic Interest Holder, Commercially Reasonable Royalty Interest Holder, Profit-Sharing Plan Employee, and Qualified Institutional Investor, Qualified Limited Passive 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 MMB, that is based upon, or directly related to, the qualifications or actions of the permitted economic interest, and expressly agrees that the only administrative or judicial review of such a determination or action will occur through a licensing or enforcement proceeding for the MMB.

SECTION 27. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8027 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. An MMB shall apply to the Department on an annual basis to renew its License(s).

1. The General Process for a license renewal shall include at a minimum, subject to rules promulgated hereafter by the Department:

a. The Department will send a notice for license renewal ninety (90) days prior to the expiration of an existing license by first class mail to the Licensee's mailing address of record.

b. A Licensee may apply for the renewal of an existing license not less than thirty (30) days prior to the license's expiration date. If a Licensee timely applies for the renewal of an existing license, the Department may administratively continue the license beyond the expiration date while it completes the renewal licensing process.

c. If the Licensee files a renewal application within thirty (30) days prior to the expiration, the Licensee must provide a written explanation dealing the circumstances surrounding the untimely filing. If the Department accepts the application, then the Department may elect to administratively continue the license beyond the expiration date while it completes the renewal licensing process.

d. An application for renewal will only be accepted if it is accompanied by:

i. The requisite licensing fees, which shall be for the same amount as the original application fees.

ii. A copy of the local licensing authority's approval.

e. Each Direct Beneficial Interest Owner required to have an Associated Key License must be fingerprinted at least every two years, and may be fingerprinted more often at the Department's discretion.

f. The Department shall perform a limited background check, which may include fingerprinting, regarding Qualified Limited Passive Investors and other Financial Interests that are Indirect Beneficial Interest Owners. If the background check provides reasonable cause for additional investigation, the Division may require additional investigation.

g. For each renewal application, the Licensee shall submit the original application and one identical copy. The Department will retain the original renewal application and will send the copy to the local licensing authority.

2. Failure to receive a notice for license renewal does not relieve a Licensee of the obligation to renew all licenses as required.

3. A license is immediately invalid upon expiration if the Licensee has not filed a renewal application and remitted all of the required fees.

a. In the event the license is not renewed prior to the expiration, a MMB may not operate unless it has been administratively continued.

b. If a former MMB Licensee files an application within ninety (90) days of expiration of its license with the Department and pays the requisite fees to the Department, the Department may administratively continue the license form the date the application was received until it can complete its renewal application process and investigate the extent to which the MMB operated with an expired license.

c. The Department will not renew any MMB license expired over ninety (90) days prior to submission of the MMB Licensee's renewal application, nor will it renew any license that has been voluntarily surrendered, or any license that has been revoked. A MMB license that expired over 90 days prior to submission of the MMB Licensee's renewal application, a license that has been voluntarily surrendered, and a license that has been revoked may only be reinstated via an application for a new license that is subsequently approved by the Department.

4. Licenses that are the subject of a summary suspension, a disciplinary action, and/or any other administrative action are subject to the requirements of this Act and any rules promulgated thereto. Licenses that are not timely renewed shall expire.

5. Closely Held Business Entity Direct Beneficial Interest Owners must submit a current Department certification form, signed by all Direct Beneficial Interest Owner(s) of the MMB certifying that each Associated Key License owner of the Closely Held Business Entity has maintained, and currently maintains, United States citizenship.

6. At the time of renewal, a MMB shall disclose any and all Indirect Beneficial Interest Owners and Qualified Limited Passive Investors that hold an interest in the MMB. Additionally, the MMB must present updated information regarding all Indirect Beneficial Interest Owners and Qualified Limited Passive Investors at the time the MMB submits its renewal materials:

a. Current Department Indirect Beneficial Interest Owners and Qualified Limited Passive Investors renewal disclosure forms;

b. Current Department form allowing the Department to investigate any Indirect Beneficial Interest Owner(s) and/or Qualified Limited Passive Investor(s) if the Division deems such

investigation necessary. The form shall be signed by all Direct Beneficial Interest Owner(s) of the MMB;

c. Permitted Economic Interest holders, at the discretion of the Department, may be required to submit new fingerprints;

d. Current Department certification form attesting that all Qualified Limited Passive Investor(s) and/or Indirect Beneficial Interest Owner(s) of the MMB and the particular Permitted Economic Interest holder, certifying that he or she has maintained, and currently maintains, lawful residence in the United States; and

e. For Qualified Limited Passive Investors, current Department certification form, signed by all Direct Beneficial Interest Owner(s) of the MMB and the particular Qualified Limited Passive Investor, certifying that he or she has maintained, and currently maintains, United States citizenship.

B. Each MMB License must be held by its Direct Beneficial Interest Owner(s). Each natural person other than a Qualified Limited Passive Investor must hold an Associated Key License. A Direct Beneficial Interest Owner shall not be a publicly traded company.

1. The sum of the percentages of ownership of all Direct Beneficial Interest Owners of a MMB and Qualified Institutional Investors must equal one hundred percent (100%).

a. Qualified Institutional Investors may hold ownership interests, in the aggregate, of 30% or less in the MMB.

b. A Qualified Limited Passive Investor must be a person who is a United States citizen and may hold an ownership interest of less than five percent (5%) in the MMB.

c. Each Direct Beneficial Interest Owner, including but not limited to each officer, director, managing member, or partner of a MMB, must hold a current and valid Associated Key

License. Except that this requirement shall not apply to Qualified Limited Passive Investors.

d. With the exception of Qualified Institutional Investors, only Direct Beneficial Interest Owners may hold a partnership interest, limited or general, a joint venture interest, or ownership of a share or shares in a corporation or a limited liability company which is licensed.

e. In the event of the death, disability, disqualification, divestment, termination, or revocation of the license of a Direct Beneficial Interest Owner or of approval of a Qualified Institutional Investor, a MMB shall have 45 days to submit a change of ownership application to the Department detailing the Licensee's plan for redistribution of ownership among the remaining Direct Beneficial Interest Owners and Qualified Institutional Investors. Such plan is subject to approval by the Department. If a change of ownership application is not timely submitted, the MMB and its Associated Key Licensee(s) may be subject to administrative action.

C. No MMB may operate or be licensed unless it has at least one Associated Key Licensee that is a Direct Beneficial Interest Owner who has been an Oklahoma resident for at least one year prior to application. Any violation of this requirement may be considered a license violation affecting public safety.

D. If an Associated Key License is suspended or revoked as to one MMB, that Owner's Occupational License shall be suspended or revoked as to any other MMB in which that Person possesses an ownership interest.

E. Any Person contracted to manage the overall operation of a Licensed Premises must hold a Medical Marijuana Operator license.

F. Associated Key Licensees may hire managers, and managers may be compensated on the basis of profits made, gross or net. A MMB license may not be held in the name of a manager who is not a Direct

Beneficial Interest Owner. A manager who does not hold an Associated Key License as a Direct Beneficial Interest Owner of the MMB, must hold a Key License as an employee of the MMB. Any change in manager must be reported to the Department and any local licensing authority before the new manager begins managing the MMB. Additionally, a Medical Marijuana Operator may include management services as part of the operational services provided to a MMB. A MMB and its Direct Beneficial Interest Owners may be subject to license denial or administrative action, including but not limited to, fine, suspension, or revocation of their license(s), based on the acts and omissions of any manager, MMB Operator, or agents and employees thereof engaged in the operations of the MMB.

G. No licensee my employ, contract with, hire, or otherwise retain any Person, including but not limited to an employee, agent, or independent contractor, to perform any act or conduct of the Licensee's behalf or for the Licensee's benefit if the Licensee is prohibited by law, this Act, or any rules promulgated thereto from engaging in such conduct itself.

1. A Licensee may be held responsible for all actions and omissions of any Person the Licensee employs, contracts with, hires, or otherwise retains, including but not limited to an employee, agent, or independent contractor, to perform any act or conduct on the Licensee's behalf or for the Licensee's benefit.

2. A Licensee may be subject to license denial or administrative action, including but not limited to fine, suspension, or revocation of its license(s), based on the act and/ or omissions of any Person the Licensee employs, contracts with, hires, or otherwise retains, including but not limited to an employee, agent, or independent contractor, to perform any act or conduct on the Licensee's behalf or for the Licensee's benefit.

H. An MMB shall disclose all Business Interests at the time of initial application and at the time of each renewal application.

Business interests include Financial Interests and Affiliated Interests. Any Financial Interest must be pre-approved by the Department. It shall be unlawful to fail to completely report all Business Interests in each license issued. It shall be unlawful for a person other than a Financial Interest holding an Associated Key License to exercise control over a MMB, except that a Qualified Institutional Investor and a Qualified Limited Passive Investor may vote his, her or its shares in the MMB.

I. An MMB shall not permit any Person to hold or exercise a Financial Interest in the MMB unless and until such Person's Financial Interest has been approved by the Department. If a MMB wishes to permit a Person to hold or exercise a Financial Interest, and that Person has not been previously approved in connection with an application for the MMB, the MMB shall submit a change of ownership or financial interest form approved by the Department. A Financial Interest shall include:

1. Any Direct Beneficial Interest Owner;

2. The following types of Indirect Beneficial Interest Owners:

a. A Commercially Reasonable Royalty Interest Holder who receives, in the aggregate, a royalty of more than 30 percent; and

b. A Permitted Economic Interest holder.

3. Any other Person who exercises control or is positioned so as to enable the exercise of control over the MMB must hold an Associated Key License. A natural person who exercises control or is positioned so as to enable the exercise of control over an MMB shall include but shall not be limited to a natural person who:

a. Bears the risk of loss and opportunity for profit;

b. Has final decision-making authority over any material aspect of the operation of the MMB;

c. Manages the overall operations of a MMB or its Licensed Premises, or who manages a material portion of the MMB or its Licensed Premises;

d. Guarantees the MMB' debts or production levels;

e. Is a beneficiary of the MMB' insurance policies;

f. Receives the majority of the MMB' profits as compared to other recipients of the MMB' profits; or

g. Acknowledges liability for the MMB' federal, state, or local taxes.

J. An MMB shall disclose all Affiliated Interests in connection with each application for licensure, renewal or reinstatement of the MMB. The Department may conduct such background investigation as it deems appropriate regarding Affiliated Interests. An Affiliated Interest shall include any Person who does not hold a Financial Interest in the MMB and who has any of the following relationships with the MMB:

1. The following Indirect Beneficial Interest Owners:

a. A Commercially Reasonable Royalty Interest Holder who receives, in the aggregate, a royalty of 30 percent or less;

b. A Profit Sharing Plan Employee; and

c. A Qualified Institutional Investor.

K. No Person or Investor shall at any time hold a secured interest in Medical Marijuana, Concentrate, or Medical Marijuana Product.

SECTION 28. NEW LAW A new section of law to be codified in the Oklahoma Statutes as Section 8028 of Title 63, unless there is

created a duplication in numbering, reads as follows:

A. A License granted under the provisions of this Act shall not be transferable except as provided in this section, but this section shall not prevent a change of location as provided herein.

B. For a transfer of ownership, a license holder shall apply to the Department and local licensing authorities on forms prepared and furnished by the Department. In determining whether to permit a transfer of ownership, the state and local licensing authorities shall consider only the requirements of this article, any rules promulgated by the Department, and any other local restrictions. The local licensing authority may hold a hearing on the application for transfer of ownership. The local licensing authority shall not hold a hearing pursuant to this subsection until the licensing authority has posted a notice of hearing in the manner described herein on the licensed MMB premises for a period of ten days and has provided notice of the hearing to the applicant at least ten days prior to the hearing. Any transfer of ownership hearing by the Department shall be held in compliance with the requirements specified herein.

C. All applications for transfers of Direct Beneficial Interest Owners or changes in corporate structure by licensed MMB authorized pursuant to this Act, shall be made upon current forms prescribed by the Department. Each application shall identify the relevant local licensing authority.

D. All applications for transfers of ownerships and changes in licensed entities by an MMB must include application fees, be complete in every material detail, and be filled out truthfully.

E. All applications for transfers of ownership and changes in licensed entities by an MMB must include application fees, be complete in every material detail, and be filled out truthfully.

F. All applicants for transfers of ownership and changes in licensed entities by an MMB must be submitted to the Department or its designee and relevant local licensing authority thirty (30) days prior to any requested transfer or change.

G. Each Applicant for a transfer of ownership shall provide suitable evidence as required by the Department, in accordance with this Act and any rules promulgated thereunder, of each natural person's proof of lawful presence, citizenship, residence, and verification that funds used to invest in or finance the Medical Marijuana Business were lawfully earned or obtained. Each Applicant shall also provide all requested information concerning financial and management associations and interests of other information concerning financial and management associations and interests of other persons in the business, tax payment information, the deed, lease, contract or other document governing the terms and conditions of occupancy of the Licensed Premises. Nothing in this section is intended to limit the Department's ability to request additional information it deems necessary to determining an Applicant's suitability for licensure.

H. Failure to provide such additional information by the requested deadline may result in denial of the application.

I. The Applicant shall provide the original and one copy of an application for transfer of ownership to the Department. The Department will retain the original application and send the copy to the relevant local licensing authority.

J. The Department will not approve a transfer of ownership application without first receiving written notification that the Applicant disclosed the transfer of ownership to the relevant local licensing authority. If a local licensing authority elects not to approve or deny a transfer of ownership application, the local licensing authority must provide written notification acknowledging receipt of the application and the Department shall revoke the state-issued license.

K. The Applicant, or proposed transferee, for any license shall not operate the MMB identified in the transfer of ownership application until the transfer of ownership request is approved in writing by the Department. A violation of this requirement shall constitute grounds to deny the transfer of ownership request, may be

a violation affecting public safety, and may result in disciplinary action against the Applicant's existing license, if applicable.

L. All current Direct Beneficial Interest Owners, or proposed transferors, of the license at issue retain full responsibility for the MMB identified in the transfer of ownership application until the transfer of ownership request is approved in writing by the Department. A violation of this requirement shall constitute grounds to deny the transfer of ownership request, may be a violation affecting public safety, and may result in disciplinary action against the license of the current Direct Beneficial Interest Owner and/or the MMB.

M. If an MMB or any of its Direct Beneficial Interest Owners applies to transfer ownership and is involved in an administrative investigation or administrative disciplinary action, the following may apply:

1. The transfer of ownership may be delayed or denied until the administrative action is resolved; or

2. If the transfer of ownership request is approved in writing by the Department, the transferee may be responsible for the actions of the MMB and its prior Direct Beneficial Interest Owners, and subject to discipline based upon the same.

N. All individuals holding a Permitted Economic Interest who seek to convert to become a Direct Beneficial Interest Owner are subject to this provision. The MMB must initiate the change of ownership process for an individual holding a Permitted Economic Interest who seeks to convert its interest to become a Direct Beneficial Interest Owner. Permitted Economic Interest holders who are not qualified to become a Direct Beneficial Interest Owner shall not be allowed to convert.

O. Transporters are not eligible to apply for change of ownership.

P. If the Applicant is a corporation or limited liability company, it shall submit with the application the names, mailing

addresses, and background forms for each of its officers, directors, and Direct and Indirect Beneficial Interest Owners; a copy of its articles of incorporation or articles of organization; and evidence of its authorization to do business within this State. In addition, each Applicant shall submit the names, mailing addresses, and where applicable, certifications of residency or citizenship for all Persons owning any of the outstanding or issued capital stock, or holding a membership interest. No publicly traded company may be identified as the proposed recipient of any ownership interest in an MMB.

1. Any proposed transfer of capital stock, regardless of the number of shares of capital stock transferred, shall be reported and approved by the Department or its designee and the local licensing authority at least 30 days prior to such transfer or change.

Q. If the Applicant is a general partnership, limited partnership, limited liability partnership, or limited liability limited partnership, it shall submit with the application the names, mailing addresses, and background forms and, where applicable, certification of residency or citizenship for all its partners and a copy of its partnership agreement.

R. Any Licensee that qualifies for an entity conversion pursuant to Oklahoma law, shall not be required to file a transfer of ownership application, upon statutory conversion, but shall submit a report containing suitable evidence of its internet to convert at least 30 days prior to such conversion. Such evidence shall include, but not be limited to, any conversion documents or agreements for conversion at least ten days prior to the date of recognition of conversion by the Oklahoma Secretary of State. The Licensee shall submit to the Department the names and mailing addresses of any officers, directors, general or managing partners and all Direct and Indirect Beneficial Interest Owners.

S. It may be considered a license violation affecting public

safety if a Licensee engages in any transfer of ownership without prior approval from the Department and the relevant local licensing authority.

T. The Department will not accept an application for transfer of ownership if the license to be transferred is expired for more than 90 days, is voluntarily surrendered, or is revoked.

SECTION 29. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8029 of Title 63, unless there is created a duplication in numbering reads as follows:

A. The Department or its designee, including other state agencies, local governmental entities, or third-party vendors may perform on-site assessments of a Licensee or Applicant for any license issued pursuant to this act to determine compliance with these acts or submissions made pursuant to this section. The Department may enter the premises of a Licensee or Applicant at any time to assess or monitor compliance.

B. Twenty-four (24) hours of notice shall be provided to an Applicant or Licensee prior to an on-site assessment, except when the Department has reasonable suspicion to believe that providing notice will result in the destruction of evidence, or that providing such notice will impede the ability of the Department to enforce these regulations.

C. The Department may review any records of a Licensed Patient or Caregiver, Licensed Medical Marijuana Business, Testing Laboratory, Research Facility, 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.

D. All MMB, Research Facilities and Education Facilities shall provide the Department or the designee of the Department immediate access to any material and information necessary for determining compliance with this section.

E. Failure to provide the Department access to the premises or materials may result in disciplinary action, in accordance with this section.

F. Any failure to adhere to the provisions of this section that is documented by the Department during monitoring may result in disciplinary action, in accordance with this section.

G. The Department shall refer complaints alleging criminal activity that are made against a Licensee to appropriate Oklahoma state or local law enforcement authorities.

H. Disciplinary action may be taken against an Applicant for any License authorized by this act or any Licensee under this Act.

I. Disciplinary actions may include revocation, suspension or denial of an application, license or Department approval and other action.

J. The Department, after notice and hearing, may revoke or impose any one or more of the following sanctions on a patient or caregiver if the Department finds the individual engaged in any of the conduct set forth in paragraph (H) of this Section:

1. Revoke, suspend, or refuse to renew a license;

2. Reprimand or place the licensee on probation;

3. Impose civil monetary penalties according to the following scale as it pertains to impermissible diversion and intentionally exceeding homegrow plant count:

a. $5,000.00 for the first infraction;

b. $10,000.00 for the second infraction.

K. The Department may impose the sanctions listed in paragraph (G) of this Section if the Department finds:

1. Any information provided to the Department by the MMB applicant was false or misleading;

2. The MMB licensee sold, transferred, or delivered any medical marijuana or medical marijuana product to any unauthorized person;

3. The licensee knowingly violated the rules in this Act;

4. All revocations and suspensions shall state the term of the revocation and suspension and shall also state the first date the license holder is eligible to reapply for the license.

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

1. A 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. 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;

3. A person whose participation with an Applicant or Licensee is prohibited based on a criminal background check.

4. 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:

a. Be properly addressed to the Oklahoma Cannabis Department;

b. State the name, address and telephone number of the appellant; and

c. 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 conducted by a hearing officer appointed by the Department.

1. Hearings shall be conducted in Oklahoma City, Oklahoma, or, with the consent of the parties, in another location.

2. Due to federal and state confidentiality laws, hearings held pursuant to this section shall be closed to the public. Portions of hearings may further be closed to prevent the disclosure of confidential information.

3. The hearing shall be recorded on audiotape or other means of sound reproduction.

4. Any hearing provided for in this section may be 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 (60) day time period upon motion for good cause shown or the parties may extend the sixty (60) 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 or a non-lawyer representative, or may represent himself or herself.

R. The rules of evidence as applied in the courts do not apply in these proceedings. Any relevant evidence shall be admitted. Irrelevant, immaterial or unduly repetitious evidence may be excluded.

S. 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.

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

U. 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.

V. 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.

W. 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.

X. 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.

Y. The appellant is responsible for ensuring the telephone number to the location of the appellant for the telephonic hearing is accurate and the appellant is available at said 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.

Z. 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.

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

1. 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.

2. 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.

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

SECTION 30. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8030 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. All medical marijuana or marijuana derivatives shall be purchased solely from Oklahoma licensed Medical Marijuana Cultivation Facilities and Medical Marijuana Product Manufacturers, and shall not be purchased from any out-of-state providers, with the exception of seed stock.

B. The Department shall have oversight and auditing responsibilities to ensure that all marijuana being grown in Oklahoma is accounted for. Pursuant to these duties, the Department shall require that each dispensary keep records for every transaction with Cultivation Facility, Product Manufacturer, Testing Laboratory, and patient or caregiver. Inventory must be tracked and updated through the inventory tracking system developed by the Department.

1. The inventory tracking system licensees use must allow for integration of other seed-to-sale systems and, at a minimum, 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, seedlings, clones, all plants, usable marijuana or trim, leaves, and other plant matter, batches of extract, and marijuana concentrates;

e. All samples sent to an independent testing laboratory, an unused portion of a sample returned to a Licensee, all samples utilized by Licensee(s) for purposes of negotiating a sale; and all samples used for quality testing by a Licensee.

2. Each dispensary shall use the seed-to-sale tracking system established by the Department or integrate its own seed-to-sale tracking system with the seed-to-sale tracking system established by the Department.

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

a. The name and license number of the commercial grower or processor;

b. The address and phone number of the commercial grower or processor;

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;

g. Any additional information as may be required by the Department.

SECTION 31. NEW LAW. A new section of law to be codified in the

Oklahoma Statutes as Section 8031 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created a Medical Marijuana Cultivation Facility License as a category of the Medical Marijuana Business License.

B. The Authority shall have the authority to create, divest, eliminate or define a statewide licensure system for Medical Marijuana Cultivation Facilities. The classifications shall be based upon the allowable maximum square footage of the facility and shall be assigned a fee structure as follows:

C. The Authority shall, within sixty (60) days of the effective date of this act, make available in an easy-to-find location, an application for a Cultivation Facility License.

D. The application fee shall be Two Thousand Five Hundred Dollars ($2,500.00). The method of payment shall be determined by the Department and provided on the website.

E. A Cultivation Facility applicant shall comply with the application and eligibility guidelines set forth for an MMB in addition to the provisions contained in this Section.

F. There shall be a maximum allowable cultivation facility size measured in square feet of twenty thousand square feet (20,000 sf). Facility size shall include all cultivation, harvesting, curing, packaging, labeling, staging, security, and all other facets of the cultivation process.

G. A licensed Cultivation Facility may only sell marijuana to an Oklahoma licensed dispensary, cultivation facility, or product manufacturer. These sales shall be considered wholesale sales and not subject to taxation.

H. A licensed Cultivation Facility shall not sell finished or harvested marijuana directly to patients or caregivers; however, a Cultivation Facility may sell seeds and seedlings to

licensed patients or caregivers. Those sales will be treated as retail sales and taxed accordingly.

I. A licensed Cultivation Facility shall not sell marijuana wholesale to an out-of-state wholesale provider. In the event the federal government lifts restrictions on buying and selling marijuana between states, a licensed cultivation facility shall be allowed to sell marijuana wholesale to an out-of-state wholesale provider.

J. Until July 1, 2019, a licensed Cultivation Facility shall not be prosecuted in the courts of this state for the importation of seeds, cuttings and clones to begin cultivation of marijuana in Oklahoma.

K. All imported seeds, cuttings and clones shall be documented by the licensed Cultivation Facility. Such documentation shall include but not be limited to:

1. The name of the state and city the seeds, cuttings or clones were purchased from;

2. The name of the entity that produced the seeds, cuttings or clones;

3. The batch number if available;

4. The name of the strain; and

5. Any additional information as required by the Department.

L. A licensed Cultivation Facility shall complete monthly yield and sales reports to the Department. The report shall be due on the 15th day of each month. The report shall detail the following:

1. Amount of marijuana harvested in pounds;

2. The amount of drying or dried marijuana on hand;

3. The amount of marijuana sold to processors in pounds;

4. The amount of waste in pounds;

5. The amount of marijuana sold to licensed MMB customers in poun; and

6. Total wholesale sales in dollars.

M. Cultivation Facilities shall be required to enter all data into an inventory tracking system to monitor and identify all medical marijuana from the moment it is planted as a seed to its sale to another MMB.

1. A Cultivation Facility shall keep records in an accessible format accounting for all plants grown, including but not limited to:

a. Species;

b. Strains;

c. Gender of the plant;

d. Size;

e. Yield;

f. Lineage;

g. Batch Number;

h. Any unique characteristics.

N. The Department shall have oversight and auditing responsibilities to ensure that all marijuana being grown is being accounted for.

O. The Authority shall have oversight and auditing responsibilities to ensure that all marijuana is accounted for. The Authority is hereby granted the authority to contract with other state agencies, local governmental entities, and third-party vendors to provide oversight, inspections, and regulatory guidance.

P. Penalties for gross discrepancies occurring within any two-year time period shall be an initial fine of Five Thousand Dollars ($5,000.00) for the first violation and revocation of licensing for the second violation in a two-year period. A Cultivation Facility shall only be subject to a penalty if a gross discrepancy exists and cannot be explained.

Q. Cultivation Facilities shall be required to keep an updated list of their buyers on-site for a minimum of five (5) years. Cultivation Facilities selling seeds and immature plants to patients or caregivers shall enter the patient license number into their software reporting program, keep a copy of proof of identity as defined in this Act either on a hard copy or digital, and submit along with the mandatory reporting guidelines from paragraph L of this section.

R. Each Cultivation Facility shall maintain a backup of all reports and lists described in this section, off-site and in a secure facility. This backup shall be updated each week.

S. Failure to maintain all reports and lists described in this section shall result in review of the Cultivation Facility license for potential revocation.

NEW SECTION 32. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8032 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. Cultivation Facility may only Transfer Medical Marijuana and Water-Based Medical Marijuana Concentrate to the Dispensary or Product Manufacturer it is designated to pursuant to this Act.

1. A Cultivation Facility is also authorized to Transfer Medical Marijuana to a Research Facility, or Pesticide Manufacturer.

B. Finished Medical Marijuana plants shall be packaged in units of ten pounds or less and labeled pursuant to this Act, and securely sealed in a tamper-evident manner.

C. A Cultivation Facility is authorized to utilize a licensed

Transporter for transportation of its Medical Marijuana so long as the place where transportation orders are taken is an MMB and the transportation order is delivered to a licensed MMB, Research Facility, or Pesticide Manufacturer.

D. A Cultivation Facility may compensate its employees using performance-based incentives.

E. A Cultivation Facility shall only obtain Medical Marijuana seeds or Immature Plants from its own Medical Marijuana or properly transferred from another MMB pursuant to the inventory tracking requirements in this act, and as long as there is first a documented point-of-sale transaction at that Cultivation Facility's Dispensary or Products Manufacturer.

F. A Cultivation Facility shall not permit the consumption of marijuana or marijuana products on its Licensed Premises.

G. A Cultivation Facility shall not sell or give away Medical Marijuana, Concentrate, or Medical Marijuana Product to a Transporter, and shall not buy or receive complimentary Medical Marijuana, Concentrate, or Medical Marijuana Product from a Transporter.

H. A Cultivation Facility must use the Inventory Tracking System to ensure its inventories are identified and tracked from the point Medical Marijuana is Propagated from seed or cutting to the point when it is delivered to a MMB, Medical Research Facility, or Pesticide Manufacturer. A Cultivation Facility must have the ability to reconcile its inventory records generated from the Inventory Tracking System and the associated transaction history and sale receipts. A Cultivation Facility is prohibited from accepting any Medical Marijuana without receiving a valid transport manifest generated from the Inventory Tracking System.

1. An Cultivation Facility must immediately input all Medical Marijuana delivered to its Licensed Premises and account for all RFID tags into the Inventory Tracking System at the time of delivery to the Cultivation Facility.

2. A Cultivation Facility must reconcile its transaction history and on- hand Medical Marijuana to the Inventory Tracking System at the close of business each day.

I. A Cultivation Facility may be subject to inspection of its Licensed Premises by the local fire department, building inspector, or code enforcement officer to confirm that no health or safety concerns are present. The inspection could result in additional specific standards to meet local jurisdiction restrictions related to Medical Marijuana or other local businesses. An annual fire safety inspection may result in the required installation of fire suppression devices, or other means necessary for adequate fire safety.

1. That toxic cleaning compounds, sanitizing agents, and solvents shall be identified, held, stored and disposed of in a manner that protects against contamination of Medical Marijuana or Concentrate, and in a manner that is in accordance with any applicable local, state, or federal law, rule, regulation or ordinance. All Pesticides must be stored and disposed of in accordance with the information provided on the product's label;

J. A Cultivation Facility may only use Pesticide in accordance with the "Pesticide Act" sections (Need citation), the "Pesticides Applicators' Act," sections (need citation), and all other applicable federal, state, and local laws, statutes, rules and regulations. This includes, but shall not be limited to, the prohibition on detaching, altering, defacing or destroying, in whole or in part, any label on any Pesticide. The Oklahoma Department of Agriculture's determination that the Licensee used any quantity of a Pesticide that would constitute a violation of the Pesticide Act or the Pesticide Applicators' Act shall constitute prima facie evidence of a violation of this Rule.

1. A Cultivation Facility may only use agricultural chemicals, other than Pesticide, in accordance with all applicable federal, state, and local laws, statutes, rules and regulations.

2. A Cultivation Facility must establish written standard operating procedures for the cultivation, harvesting, drying, curing, packaging, storing, and sampling of Medical Marijuana, and the processing, packaging, storing, and sampling of Concentrate. The standard operating procedures must also include when, and the manner in which, all Pesticide and other agricultural chemicals are to be applied during its cultivation process. A copy of all standard operating procedures must be maintained on the Licensed Premises of the Cultivation Facility.

a. If a Cultivation Facility makes a Material Change to its cultivation procedures, it must document the change and revise its standard operating procedures accordingly. Records detailing the Material Change must be maintained on the relevant Licensed Premises.

3. A Cultivation Facility must obtain a safety data sheet for any Pesticide or other agricultural chemical used or stored on its Licensed Premises. A Cultivation Facility must maintain a current copy of the safety data sheet for any Pesticide or other agricultural chemical on the Licensed Premises where the product is used or stored.

4. A Cultivation Facility must have the original label or a copy thereof at its Licensed Premises for all Pesticide and other agricultural chemicals used during its cultivation process.

5. A Cultivation Facility that applies any Pesticide or other agricultural chemical to any portion of a Medical Marijuana plant, water or feed used during cultivation or generally within the Licensed Premises must document, and maintain a record on its Licensed Premises of, the following information:

a. The name, signature and Occupational License number of the individual who applied the Pesticide or other agricultural chemical;

b. Applicator certification number if the applicator is licensed through the Department of Agriculture in

accordance with the "Pesticides Applicators' Act";

c. The date and time of the application;

d. The EPA registration number of the Pesticide or CAS number of any other agricultural chemical(s) applied;

e. Any of the active ingredients of the Pesticide or other agricultural chemical(s) applied;

f. Brand name and product name of the Pesticide or other agricultural chemical(s) applied;

g. The restricted entry interval from the product label of any Pesticide or other agricultural chemical(s) applied;

h. The RFID tag number of the Medical Marijuana plant(s) that the Pesticide or other agricultural chemical(s) was applied to or if applied to all plants throughout the Licensed Premises, a statement to that effect; and

i. The total amount of each Pesticide or other agricultural chemical applied.

K. The following chemicals are prohibited and shall not be used in Medical Marijuana cultivation. Possession of chemicals and/or containers from these chemicals upon the Licensed Premises shall be a violation of this Rule. Additionally, possession of Medical Marijuana or Concentrate on which any of the following chemicals is detected shall constitute a violation of this Rule.

1. Any Pesticide the use of which would constitute a violation of the Pesticide Act, section 35-9-101 et seq., C.R.S., the Pesticide Applicators' Act, section 35-10-101 et seq., C.R.S., or the rules and regulations pursuant thereto.

2. Other chemicals (listed by chemical name and CAS Registry Number (or EDF Substance ID)): ALDRIN (309-00-2), ARSENIC OXIDE (3) (1327-53-3), ASBESTOS (FRIABLE), (1332-21-4), AZODRIN (6923-22-4)1,4-BENZOQUINONE, 2,3,5,6-TETRACHLORO- (118-75-2), BINAPACRYL (485-31-4)2,3,4,5-BIS (2-BUTENYLENE) TETRAHYDROFURFURAL (126-15-8) BROMOXYNIL BUTYRATE (EDF-186),CADMIUM COMPOUNDS (CAE750), CALCIUM ARSENATE [2ASH3O4.2CA] 7778-44-1, CAMPHECHLOR

(8001-35-2),CAPTAFOL (2425-06-1),CARBOFURAN (1563-66-2),CARBON TETRACHLORIDE (56-23-5), CHLORDANE (57-74-9), CHLORDECONE (KEPONE)(143-50-0), CHLORDIMEFORM (6164-98-3),CHLOROBENZILATE (510-15-6), CHLOROMETHYL PROPYL MERCURIC ACETATE [CPMA] EDF- 183, COPPER ARSENATE (10103-61-4), 2,4-D, ISOOCTYL ESTER (25168-26-7), DAMINOZIDE (1596-84-5),DDD (72-54-8), 1 CCR 212-1, DDT (50-29-3), DI(PHENYLMERCURY),DODECENYLSUCCINATE [PMDS] EDF- 187 1,2-DIBROMO-3-CHLOROPROPANE (DBCP) (96-12-8), 1,2-DIBROMOETHANE (106-93-4), 1,2-DICHLOROETHANE (107-06-2),DIELDRIN (60-57-1) 4,6-DINITRO-O-CRESOL (534-52-1),DINITRO BUTYLPHENOL (88-85-7), ENDRIN (72-20-8),EPN (2104-64-5),ETHYLENE OXIDE (75-21-8), FLUOROACETAMIDE (640-19-7),GAMMA-LINDANE (58-89-9), HEPTACHLOR (76-44-8),1 CCR 212-1, HEXACHLOROBENZENE (118-74-1), 1,2,3,4,5,6-HEXACHLOROCYCLOHEXANE (MIXTURE OF ISOMERS) 608-73-1, 1,3-HEXANEDIOL, 2-ETHYL- (94-96-2), LEAD ARSENATE (7784-40-9), LEPTOPHOS (21609-90-5), MERCURY (7439-97-6), METHAMIDOPHOS (10265-92-6),METHYL PARATHION (298-00-0), MEVINPHOS (7786-34-7),MIREX (2385-85-5), NITROFEN (1836-75-5), OCTAMETHYL PHOSPHORAMIDE (152-16-9), PARATHION (56-38-2),PENTACHLOROPHENOL (87-86-5),1 CCR 212-1, PHENYLMERCURIC OLEATE [PMO], EDF-185 PHOSPHAMIDON (13171-21-6),PYRIMINIL (53558-25-1), SAFROLE(94-59-7), SODIUM ARSENATE (13464-38-5), SODIUM ARSENITE (7784-46-5), 2,4,5-T (93-76-5), TERPENE POLYCHLORINATED (STROBANE6), (8001-50-1), THALLIUM(I) SULFATE (7446-18-6), 2,4,5-TP ACID (SILVEX), (93-72-1), TRIBUTYLTIN COMPOUNDS EDF-184 2,4,5-TRICHLOROPHENOL (95-95-4) VINYL CHLORIDE (75-01-4)

3. The use of Dimethyl sulfoxide (DMSO) in the production of Medical Marijuana shall be prohibited and possession of DMSO upon the Licensed Premises is prohibited.

4. A Cultivation Facility may not treat or otherwise adulterate Medical Marijuana with any chemical or other compound whatsoever to alter its color, appearance, weight or smell.

X. Commission May Require A Health and Sanitary Audit

1. When the Commission determines a health and sanitary audit by an independent consultant is necessary, it may require an Cultivation Facility to undergo such an audit. The scope of the audit may include, but need not be limited, to whether the Cultivation Facility is in compliance with the requirements set forth in this Rule and other applicable public health or sanitary laws and regulations.

2. In such instances, the Commission may attempt to mutually agree upon the selection of the independent consultant with an Cultivation Facility. However, the Commission always retains the authority to select the independent consultant regardless of whether mutual agreement can be reached.

3. The Cultivation Facility will be responsible for all costs associated with the independent health and sanitary audit.

4. The Commission has discretion to determine when an audit by an independent consultant is necessary. The following is a non-exhaustive list of examples that may justify an independent audit:

a. A Cultivation Facility does not provide requested records related to the use of Pesticide or other agricultural chemicals during in the cultivation process;

b. The Commission has reasonable grounds to believe that the Cultivation Facility is in violation of one or more of the requirements set forth in this rule or other applicable public health or sanitary laws, rules or regulations;

c. The Commission has reasonable grounds to believe that the Cultivation Facility was the cause or source of contamination of Medical Marijuana or Concentrate; or

d. Multiple Harvest Batches or Production Batches produced by the Cultivation Facility failed contaminant testing.

5. Suspension of Operations

a. If the Commission has objective and reasonable grounds to believe and finds upon reasonable ascertainment of the

underlying facts that the public health, safety or welfare imperatively requires emergency action and incorporates such findings into its order, it may order summary suspension of the Cultivation Facility license.

b. Prior to or following the issuance of such an order, Cultivation Facility may attempt to come to a mutual agreement with the Commission to suspend its operations until the completion of the independent audit and the implementation of any required remedial measures.

i. If an agreement cannot be reached or the Commission, in its sole discretion, determines that such an agreement is not in the best interests of the public health, safety or welfare, then the Commission will promptly institute license suspension or revocation procedures.

ii. If an agreement to suspend operations is reached, then the Cultivation Facility may continue to care for its inventory and conduct any necessary internal business operations but it may Transfer Medical Marijuana or Concentrate to other Medical Marijuana Business during the period of time specified in the agreement.

6. If A Cultivation Facility possesses any Medical Marijuana or Concentrate that failed required testing pursuant to this Act, the Cultivation Facility shall assure that all Medical Marijuana and Concentrate that failed required testing is destroyed safely in accordance with the Act.

L. A Cultivation Facility shall, upon request of the Commission, submit a sufficient quantity of Medical Marijuana to a licensed Testing Laboratory to enable laboratory or chemical analysis thereof. The Commission will notify the Licensee of the results of the analysis.

M. A Cultivation Facility may only produce Water-Based Medical Marijuana Concentrate on its Licensed Premises and only in an area clearly designated for concentrate production on the current

diagram of the Licensed Premises. No other method of production or extraction for Concentrate may be conducted within the Licensed Premises of an Cultivation Facility unless the Owner(s) of the Cultivation Facility also has a valid Medical Marijuana Products Manufacturer license and the room in which Concentrate is to be produced is physically separated from all cultivation areas and has clear signage identifying the room.

1. Safety and Sanitary Requirements for Concentrate Production. If an Cultivation Facility produces Water-Based Concentrate, then all areas in which those concentrate are produced and all Owners and Occupational Licensees engaged in the production of those concentrate shall be subject to all of requirements imposed upon a Product Manufacturer that produces Concentrate, including general requirements.

2. It shall be considered a violation of this rule if a Cultivation Facility possesses a Concentrate other than a Water-Based Medical Marijuana Concentrate on its Licensed Premises unless the Owner(s) of the Cultivation Facility also has a valid Product Manufacturer license.

3. A Cultivation Facility shall be permitted to possess Solvent-Based Medical Marijuana Concentrate only when the possession is due to the transfer of Medical Marijuana flower or trim that failed microbial testing to a Product Manufacturing Facility for processing into a Solvent-Based Medical Marijuana Concentrate, and the Product Manufacturer Transfers the resultant Solvent-Based Medical Marijuana Concentrate back to the originating Cultivation Facility .

a. The Cultivation Facility shall comply with all requirements in this act when having Solvent-Based Medical Marijuana Concentrate manufactured out of Medical Marijuana flower or trim that failed microbial testing.

b. The Cultivation Facility is responsible for submitting the Solvent-Based Medical Marijuana Concentrate for all

required testing for contaminants pursuant to the this Act.

SECTION 33. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8033 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. A Dispensary, Cultivation Facility, or Product Manufacturer licensed in Oklahoma shall not sell or otherwise distribute a usable marijuana product that has not been tested in accordance with this section.

B. A Dispensary, Cultivation Facility, or Product Manufacturer licensed in Oklahoma shall sample and test dried usable marijuana and concentrated marijuana-derived products for microbiological contaminants, using an approved laboratory. A dried marijuana sample may be deemed to have passed the microbiological test if it satisfies the standards set forth in Section 2023 of the United States Pharmacopeia which provides the microbiological attributes of nonsterile nutritional and dietary supplements.

C. A Dispensary, Cultivation Facility, or Product Manufacturer licensed in Oklahoma shall sample and test dried usable marijuana and concentrated marijuana-derived products for mycotoxins, using an approved laboratory.

D. A Medical Marijuana Dispensary, Cultivation Facility, or Product Manufacturer licensed in Oklahoma shall sample and test all concentrated marijuana-derived products that are manufactured using solvent extraction methods for the presence of solvent residue, using an approved laboratory. A Dispensary, Cultivation Facility, or Medical Marijuana Product Manufacturer shall determine on the basis of the solvent residue test results whether the quantity of solvent residue contained within a concentrated marijuana-derived product poses a health risk to consumers. A Dispensary, Cultivation Facility, or Product Manufacturer shall not sell or distribute a concentrated marijuana-derived product from a batch that is found to contain a quantity of solvent residue that is likely to be harmful to human health.

E. A Dispensary, Cultivation Facility, or Medical Marijuana Product Manufacturer licensed in Oklahoma shall sample and test all dried usable marijuana and concentrated marijuana-derived products for quantity of tetrahydrocannabinol (THC) and cannabidiol (CBD), using an approved laboratory prior to sale, distribution or other use.

F. The Commission may require additional testing of marijuana and marijuana- derived products by Medical Marijuana Dispensary, Cultivation Facility, or Medical Marijuana Products Manufacturer as it deems appropriate.

G. A Medical Marijuana Dispensary, Cultivation Facility, or Medical Marijuana Products Manufacturer licensed in Oklahoma may release an entire batch of dried marijuana or concentrated marijuana-derived product for immediate manufacture, sale or other use, provided the sample taken from the batch passes the tests required in this section.

H. A Medical Marijuana Dispensary, Cultivation Facility, or Medical Marijuana Products Manufacturer licensed in Oklahoma shall ensure that the following testing procedures are followed:

1. A Medical Marijuana Dispensary, Cultivation Facility, or Medical Marijuana Products Manufacturer shall remove a sample of no less than three (3) grams from every batch of harvested, dried, usable marijuana, and no less than one (1) gram from every batch of concentrated marijuana-derived product, and transfer the sample to an approved laboratory for testing. The remainder of the batch of dried, usable marijuana or concentrated marijuana-derived product shall be segregated until the Medical Marijuana Dispensary, Cultivation Facility, or Medical Marijuana Products Manufacturer receives the results of laboratory testing report and determines whether the batch meets the testing requirements of this section;

2. A Medical Marijuana Dispensary, Cultivation Facility, or Medical Marijuana Products Manufacturer shall appropriately document the sampling and testing of all dried marijuana and

concentrated marijuana-derived product, and shall utilize a Commission-approved laboratory for the purpose of testing usable marijuana;

3. If a sample does not pass testing, the producer shall determine whether remediation is appropriate and test another sample from the batch at issue, or identify processes that will render the dried marijuana or marijuana-derived product safe and retest in accordance with the requirements of this section;

4. If the batch cannot be remediated to where it meets the testing requirements of this section, the Medical Marijuana Dispensary, Cultivation Facility, or Medical Marijuana Products Manufacturer shall notify the Oklahoma Cannabis Commission within twenty-four (24) hours and confirm the destruction and disposal of the dried marijuana or concentrated marijuana-derived product;

5. A Medical Marijuana Dispensary, Cultivation Facility, or Medical Marijuana Products Manufacturer shall adopt and maintain on the premises protocols regarding sampling, sample testing, remediation and retesting, consistent with the provisions of this section;

6. A Medical Marijuana Dispensary, Cultivation Facility, or Medical Marijuana Products Manufacturer shall maintain all results of laboratory tests conducted on marijuana or marijuana-derived products produced by the Medical Marijuana Dispensary, Cultivation Facility , or Medical Marijuana Products Manufacturer or its contractor for a period of at least five (5) years, and shall make those results available to qualified patients and primary caregivers enrolled in the medical marijuana program upon request.

SECTION 34. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8034 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created a Medical Marijuana Dispensary license as a category of the Medical Marijuana Business license.

B. The Department, with the aid of the Office of Management

and Enterprise Services, shall develop a website for dispensary applications.

C. The Department shall, within sixty (60) days of the effective date of this act, make available on its website in an easy-to-find location, an application for a Dispensary license.

D. The application fee shall be Two Thousand Five Hundred Dollars ($2,500.00), which shall be included and covered under the MMB application fee, and a method of payment shall be determined by the Department and provided on its website.

F. An applicant for a Dispensary License shall comply with the
application and eligibility provisions set forth in his Act.

G. Only a Dispensary may conduct sales of medical marijuana or medical marijuana products directly to patients or caregivers.

H. Dispensaries shall be required to complete a monthly sales report and deliver the report to the Department. This report shall be due on the fifteenth (15th) of each month and provide reporting on the previous month.

1. This report shall detail the weight of medical marijuana purchased at wholesale and the weight of marijuana sold and account for any waste;

2. This report shall detail the medical marijuana products purchased at wholesale and the amount sold;

I. The detailed sales report shall include, but not be limited to, the following:

1. Types of products sold;

2. Total sales in dollars;

3. Tax collected in dollars; and

4. Tax due in dollars.

J. A Dispensary may lawfully and in good faith sell, deliver, distribute or dispense medical marijuana to a licensed patient or designated caregiver upon presentation to the Dispensary of a medical

marijuana license for that licensed patient or designated caregiver, and one other form of a valid, state-issued identification.

K. When presented with the medical marijuana license, the Dispensary shall provide to the licensed patient or designated caregiver a receipt which shall state the name, address and registry identification number of the Dispensary, the name and registry identification number of the licensed patient and the name of the designated caregiver, if applicable, the date the marijuana was sold, and the form and the quantity of medical marijuana sold.

L. When a Dispensary sells, delivers, distributes or dispenses medical marijuana to a licensed patient or designated caregiver, the Dispensary shall provide to that individual a safety insert which shall be developed and approved by the Department and shall include, but not be limited to:

1. Notice that the marijuana is only for the use of the patient and the marijuana shall not be donated or otherwise supplied to another individual;

2. The legal consequences of supplying medical marijuana to another individual;

3. The variability of quality and concentration of marijuana;

6. The need to safeguard all medical marijuana and medical marijuana products from children and pets or domestic animals;

7. Other information as determined by the Department.

M. Penalties for sales to persons other than those allowed by law occurring within any two-year time period shall be an initial fine of Five Thousand Dollars ($5,000.00) for the first violation and revocation of licensing for a second violation within a two-year period.

1. A Dispensary shall only be subject to a penalty if a gross discrepancy exists and cannot be explained.

N. A Dispensary is required to keep an updated list of its

patients on-site for a minimum of five (5) years and shall keep all medical patient paperwork on file in its system. These files are to be labeled as "Confidential".

O. A Dispensary shall be subject to a penalty for unauthorized dissemination of patient information.

1. Penalties for unauthorized dissemination of patient information shall be an initial fine not to exceed Fifteen Thousand Dollars ($15,000.00) for each violation and revocation of licensing, depending on the severity of the unauthorized dissemination.

P. Each Dispensary shall develop, implement and maintain on its premises policies and procedures relating to the medical marijuana program, which shall at a minimum include the following:

1. Distribution criteria for licensed patients or primary caregivers appropriate for medical marijuana services, to include clear, legible photocopies of the registry identification card and Oklahoma photo identification card of every licensed patient or primary caregiver served by the dispensary;

2. Testing criteria and procedures, which shall be consistent with the testing requirements of the Department;

3. A confidentiality policy to ensure that identifying information of medical marijuana licensees is not disclosed or disseminated without authorization from the patient, except as otherwise required by the Department; and

4. Such other policies or procedures as the Department may require.

Q. Each dispensary shall maintain a backup of all reports and lists described in this section, off-site and in a secure location. The backup of reports and lists shall be updated each week.

R. Failure to maintain all reports and lists described in this section shall result in a review of the license held by the dispensary with the potential for revocation of the dispensary license.

S. A Dispensary facility shall maintain compliance with

applicable city or county building or structure rules, regulations or ordinances and any other applicable state laws or rules regarding buildings or structures.

SECTION 35. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8035 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created a Medical Marijuana Product Manufacturer License as a category of the Medical Marijuana Business License.

B. The Department, with the aid of the Office of Management and Enterprise Services, shall develop a website for dispensary applications.

C. The Department shall, within sixty (60) days of the effective date of this act, make available on its website in an easy-to-find location, an application for a Product Manufacturer license.

D. The application fee shall be Two Thousand Five Hundred Dollars ($2,500.00), which shall be included and covered under the MMB application fee, and a method of payment shall be determined by the Department and provided on its website.

E. An applicant for a Product Manufacturer License shall comply with the application and eligibility provisions set forth in his Act.

F. A licensed Product Manufacturer may take marijuana plants and distill or process these plants into concentrates, edible Product (“edibles”) and other forms for consumption and sale pursuant to the standards set forth herein and rules promulgated thereunder.

G. A Product Manufacturer may only sell product to a licensed Dispensary or another Product Manufacturer. These sales shall be considered wholesale sales and not subject to taxation.

H. A Product Manufacturer may only purchase and use marijuana that has been grown in Oklahoma from a Cultivation Facility or

another Product Manufacturer.

I. A Product Manufacturer shall not sell marijuana or any product directly to a patient or caregiver; provided, however, a Product Manufacturer may process medical marijuana into a concentrated form for a patient or caregiver for a fee.

1. Upon receiving proof of identify and a patient or caregiver registry number, a Product Manufacturer may process medical marijuana into a concentrated form for a fee for a patient or caregiver.

2. The Product Manufacturer shall keep paper and digital copies of the patient license, proof of identification, a record of the transaction, including how much medical marijuana was provided by the patient or caregiver, the terms of agreement, and the amount of product or concentrate provided to the patient or caregiver.

J. A Product Manufacturer shall have a written agreement or contract with a Cultivation Facility, which contract shall at a minimum set forth the total amount of medical marijuana obtained from the Cultivation Facility to be used in the manufacturing process, and the total amount of product to be manufactured from the medical marijuana obtained.

K. A Product Manufacturer shall not use the medical marijuana from more than five (5) different Cultivation Facilities in total in the production of one product.

L. A Product Manufacturer may only Transfer: (1) its own product to a Dispensary, Product Manufacturer, Licensed Research Facility, Testing Laboratory, Education Facility or Pesticide Manufacturer.

M. A Product Manufacturer may manufacture, prepare, package, and label product, whether in concentrated form or that are comprised of medical marijuana and other ingredients intended for use or consumption, such as Edible Medical Marijuana Product, ointments, or tinctures.

N. A Product Manufacturer is prohibited from transferring products that are not properly packaged and labeled pursuant to this Act.

O. A Product Manufacturer shall complete a monthly yield and sales report and deliver the report to the Department. The report is due on the 15th of each month. The report shall detail the following:

1. Amount of marijuana purchased in pounds;

2. The amount of marijuana cooked or processed in pounds;

3. The amount of waste in pounds; and

4. Total wholesale sales in dollars.

P. Penalties for gross discrepancies occurring within any two-year time period shall be an initial fine of Five Thousand Dollars ($5,000.00) for the first violation and revocation of licensing for the second violation in a two-year period.

1. A Product Manufacturer shall only be subject to a penalty if a gross discrepancy exists and cannot be explained.

Q. A Product Manufacturers is required to keep an updated list of all their buyers on-site for a minimum of five (5) years in their system.

R. A Product Manufacturer must use the Inventory Tracking System to ensure its inventories are identified and tracked and maintain the ability to reconcile its inventory records with the Inventory Tracking System and the associated transaction history and sale receipts.

1. A Product Manufacturer is prohibited from accepting any Medical Marijuana, Concentrate, or Product without receiving a valid transport manifest generated from the Inventory Tracking System.

2. A Product Manufacturer must immediately input all Medical Marijuana, Concentrate, and Product delivered to its Licensed Premises, accounting for all RFID tags, into the Inventory Tracking System at the time of delivery to the Products Manufacturer.

3. A Product Manufacturer must reconcile transactions to the Inventory Tracking System at the close of business each day.

S. Each Product Manufacturer shall maintain a backup of all reports and lists described in this section, off-site and in a secure location. The backup of reports and lists shall be updated each week.

T. Failure to maintain all reports and lists described in this section shall result in a review of the license held by the Product Manufacturer with the potential for license revocation.

U. A separate license is required for each specific business or business entity and geographical location. A Product Manufacturer may share the same physical location as a Cultivation Facility license. However, a separate license is required for each specific business or business entity, regardless of geographical location.

V. A Product Manufacturer may not manufacture, prepare, package, store, or label product in a location that is operating as a retail food establishment or a wholesale food registrant.

W. A Product Manufacturer may be subject to inspection by the local fire department, building inspector, or code enforcement officer to confirm that no health or safety concerns are present. The inspection could result in additional specific standards to meet local jurisdiction restrictions related to Medical Marijuana. An annual fire safety inspection may result in the required installation of fire suppression devices, or other means necessary for adequate fire safety.

X. A Product Manufacturer licensed premises shall comply with the guidelines set forth for the appropriate marijuana facilities as specified by the most recent versions of the International Building Code and International Fire Code.

SECTION 36. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8036 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The Department shall have the authority to monitor,

inspect and audit Product Manufacturers to ensure compliance with this Act and any rules promulgated thereunder.

B. The Department may charge an annual fee not to exceed Two Thousand Five Hundred Dollars ($2,500.00) for inspections and audits of Product Manufacturers and applicants.

1. The Department may contract with another state agency, local governmental unit, or a third-party vendor to provide inspections or audits;

2. If deficiencies are found, a written report of deficiency shall be issued to the licensee.

3. The licensee shall have one (1) month to correct the deficiency or be subject to a fine of Five Hundred Dollars ($500.00) for each deficiency.

C. A Product Manufacturer shall provide samples of its product to a Testing Laboratory for testing and research purposes. The Product Manufacturer shall maintain the testing results as part of its business books and records.

D. Prior to engaging in the manufacture of any Edible each Owner or Occupational Licensee must:

1. Have a currently valid ServSafe Food Handler Certificate obtained through the successful completion of an online assessment or print exam; or

2. Take a food safety course that includes basic food handling training and is comparable to, or is a course given by, the Oklahoma State University extension service or a state, county, or district public health agency, and must maintain a status of good standing in accordance with the course requirements, including attending any additional classes if necessary. Any course taken pursuant to this rule must last at least two hours and cover the following subjects:

a. Causes of foodborne illness, highly susceptible populations and worker illness;

b. Personal hygiene and food handling practices;

c. Approved sources of food;

d. Potentially hazardous foods and food temperatures;

e. Sanitization and chemical use; and

f. Emergency procedures (fire, flood, sewer backup).

2. A Product Manufacturer must obtain documentation evidencing that each Owner or Occupational Licensee has successfully completed the examination or course required by this rule and is in good standing. A copy of the documentation must be kept on file at any Licensed Premises where that Owner or Occupational Licensee is engaged in the manufacturing of an edible.

E. A Product Manufacturer that manufactures Edible Product:

1. Shall comply with all kitchen-related health and safety standards of the relevant local licensing authority and, to the extent applicable, with all Department and safety regulations applicable to retail food establishments.

2. Shall create and maintain standard production procedures and detailed manufacturing processes for each edible it manufactures. These procedures and processes must be documented and made available on the Licensed Premises for inspection by the Department, Department of Health, and local licensing authorities.

3. May determine a standard portion of THC for each edible it manufactures. If a Products Manufacturer determines a standard portion for an edible, that information must be documented in the product's standard production procedure.

4. For each edible, the total amount of active THC contained within the product must be documented in the standard production procedures.

5. Universal Symbol Marking Requirements.

a. The following categories of edible products shall be marked, stamped, or otherwise imprinted with the Universal

Symbol directly on the product in a manner to cause the Universal Symbol to be distinguishable and easily recognizable.

i. Chocolate;

ii. Soft confections;

iii. Hard confections or lozenges;

iv. Consolidated baked goods (e.g. cookie, brownie, cupcake, granola bar)

v. Pressed pills and capsules

b. The Universal Symbol marking shall:

i. Be marked, stamped, or otherwise imprinted on at least one side of the edible;

ii. Be centered either horizontally or vertically on the edible; and

iii. If centered horizontally on the edible, the height and width of the Universal Symbol shall be of a size that is at least 25% of the product's width, but not less than 1⁄4 inch by 1⁄4 inch; or

iv. If centered vertically on the edible, the height and width of the Universal Symbol shall be of a size that is at least 25% of the product's height, but not less than 1⁄4 inch by 1⁄4 inch.

c. If a Product Manufacturer elects to determine portions for an edible, then the Universal Symbol shall be applied to each portion in accordance with the requirements of this section. Except that the size of the Universal Symbol marking shall be determined by the size of the portion instead of the overall product size, and shall not be less than 1⁄4" by 1⁄4".

d. The following categories of edibles are considered to be per se impracticable to mark with the Universal Symbol marking requirements, provided that they comply with the labeling and Container requirements in this Act.

i. Loose bulk goods (e.g. granola, cereals, popcorn);

ii. Powders; and

iii. Liquid Edible Medical Marijuana Product.

6. A Product Manufacturer shall not utilize a commercially manufactured food product as its edible. The following exceptions to this prohibition apply:

a. A food product that was commercially manufactured specifically for use by the Product Manufacturer to infuse with marijuana shall be allowed. The Licensee shall have a written agreement with the commercial food product manufacturer that declares the food product's exclusive use by the Product Manufacturer.

b. Commercially manufactured food products may be used as ingredients in an edible so long as: (1) they are used in a way that renders them unrecognizable as the commercial food product in the final edible, and (2) the Product Manufacturer does not state or advertise to the consumer that the final edible contains the commercially manufactured food product.

7. Nothing in this Section alters or eliminates a Product Manufacturer's responsibility to comply with the trademarked food product provisions required by this Act.

8. The production, Transfer, and donation of edibles in the following shapes is prohibited:

a. The distinct shape of a human, animal, or fruit; or

b. A shape that bears the likeness or contains characteristics of a realistic or fictional human, animal, or fruit, including artistic, caricature, or cartoon renderings.

c. The prohibition on human, animal, and fruit shapes does not apply to the logo of a licensed MMB. Nothing in this subparagraph alters or eliminates a Licensee's obligation to comply with the labeling and packaging requirements hereunder.

9. Edibles that are geometric shapes and simply fruit flavored are not considered fruit and are permissible; and

10. Edibles that are manufactured in the shape of a marijuana leaf are permissible.

F. A Product Manufacturer must have written standard operating procedures for each category of Concentrate and type of M Product that it produces and maintain a copy at the Licensed Premises.

1. All standard operating procedures for the production of a Concentrate must follow the requirements in in this Act

2. If a Product Manufacturer makes a Material Change to its standard Concentrate or Medical Marijuana Product production process, it must document the change and revise its standard operating procedures accordingly. Records detailing the Material Change must be maintained on the relevant Licensed Premises.

G. A Product Manufacturer shall not include any Additive that is toxic within a Product; nor include any Additive for the purposes of making the product more addictive, appealing to children or misleading to patients.

1. The use of Dimethyl sulfoxide ("DMSO") in the production of Concentrate or Product shall be prohibited and possession of DMSO upon the Licensed Premises is prohibited.

H. Permitted Categories of Concentrate Production are subject to the following:

1. A Products Manufacturer may produce Water-Based Medical Marijuana Concentrate, Food-Based Medical Marijuana Concentrate, and Heat/ Pressure- Based Medical Marijuana Concentrate

2. A Products Manufacturer may also produce Solvent-Based Medical Marijuana Concentrate using only the following solvents: butane, propane, CO2, ethanol, isopropanol, acetone, heptane, and pentane. The use of any other solvent is expressly prohibited unless and until it is approved by the Department.

3. A Products Manufacturer may submit a request to the Department to consider the approval of solvents not permitted for use under this Section during the next formal rulemaking.

4. A Products Manufacturer that engages in the production of Concentrate, regardless of the method of extraction or category of concentrate being produced, must:

a. Ensure that the space in which any Concentrate is to be produced is a fully enclosed room and clearly designated on the current diagram of the Licensed Premises.

b. Ensure that all applicable sanitary rules are followed.

c. Ensure that the standard operating procedure for each method used to produce a Concentrate on its Licensed Premises includes, but need not be limited to, step-by-step instructions on how to safely and appropriately:

i. Conduct all necessary safety checks prior to commencing production;

ii. Prepare Medical Marijuana for processing;

iii. Extract Cannabinoids and other essential components of Medical Marijuana;

iv. Purge any solvent or other unwanted components from a Concentrate,

v. Clean all equipment, counters and surfaces thoroughly; and

vi. Dispose of any waste produced during the processing of Medical Marijuana in accordance with all applicable local, state and federal laws, rules and regulations.

d. Establish written and documentable quality control procedures designed to maximize safety for Owners and Occupational Licensees and minimize potential product contamination.

e. Establish written emergency procedures to be followed by Owners or Occupational Licensees in case of a fire, chemical spill or other emergency.

f. Have a comprehensive training manual that provides step-by-step instructions for each method used to produce a Concentrate on its Licensed Premises. The training manual must

include, but need not be limited to, the following topics:

i. All standard operating procedures for each method of concentrate production used at that Licensed Premises;

ii. The Product Manufacturer's quality control procedures;

iii. The emergency procedures for that Licensed Premises;

iv. The appropriate use of any necessary safety or sanitary equipment;

v. The hazards presented by all solvents used within the Licensed Premises as described in the safety data sheet for each solvent;

vi. Clear instructions on the safe use of all equipment involved in each process and in accordance with manufacturer's instructions, where applicable; and

vii. Any additional periodic cleaning required to comply with all applicable sanitary rules.

g. Provide adequate training to every Owner or Occupational Licensee prior to that individual undertaking any step in the process of producing a Concentrate.

i. Adequate training must include, but need not be limited to, providing a copy of the training manual for that Licensed Premises and live, in-person instruction detailing at least all of the topics required to be included in the training manual.

ii. The individual training an Owner or Occupational Licensee must sign and date a document attesting that all required aspects of training were conducted and that he or she is confident that the Owner or Occupational Licensee can safely produce a Concentrate.

iii. The Owner or Occupational Licensee that received the training must sign and date a document attesting that he or she can safely implement all standard operating procedures, quality control procedures, and emergency procedures, operate all

closed- loop extraction systems, use all safety, sanitary and other equipment and understands all hazards presented by the solvents to be used within the Licensed Premises and any additional period cleaning required to maintain compliance with all applicable sanitary rules.

h. Maintain clear and comprehensive records of the name, signature and Owner or Occupational License number of every individual who engaged in any step related to the creation of a Production Batch of Concentrate and the step that individual performed.

5. A Product Manufacturer that engages in the production of a Water-Based Medical Marijuana Concentrate or a Food-Based Medical Marijuana Concentrate or Heat/Pressure-Based Retail Marijuana Concentrate must:

a. Ensure that all equipment, counters and surfaces used in the production of a Water-Based Medical Marijuana Concentrate, a Food-Based Medical Marijuana Concentrate, or a Heath/Pressure Based Medical Marijuana Concentrate is food-grade including ensuring that all counters and surface areas were constructed in such a manner that it reduces the potential for the development of microbials, molds and fungi and can be easily cleaned.

b. Ensure that all equipment, counters, and surfaces used in the production of a Water-Based Medical Marijuana Concentrate or a Food-Based Medical Marijuana Concentrate are thoroughly cleaned after the completion of each Production Batch.

c. Ensure that any room in which dry ice is stored or used in processing Medical Marijuana into a Medical Marijuana Concentrate is well ventilated to prevent against the accumulation of dangerous levels of CO2.

d. Ensure that the appropriate safety or sanitary equipment, including personal protective equipment, is provided to, and appropriately used by, each Owner or Occupational Licensee engaged in the production of a Water-Based Medical Marijuana Concentrate, Food-Based Medical Marijuana Concentrate, or a

Heat/Pressure-Based Medical Marijuana Concentrate.

e. Ensure that only finished drinking water and ice made from finished drinking water is used in the production of a Water-Based Medical Marijuana Concentrate.

f. Ensure that if propylene glycol or glycerin is used in the production of a Food-Based Medical Marijuana Concentrate, then the propylene glycol or glycerin to be used is food- grade.

g. Follow all laws related to the production of a Solvent-Based Medical Marijuana Concentrate if a pressurized system is used in the production of a Water- Based Medical Marijuana Concentrate, a Food-Based Medical Marijuana Concentrate, or a Heat/ Pressure-Based Medical Marijuana Concentrate.

6. A Medical Marijuana Products Manufacturer that engages in the production of Solvent-Based Medical Marijuana Concentrate must:

a. Obtain a report from an Industrial Hygienist or a Professional Engineer that certifies that the equipment, Licensed Premises and standard operating procedures comply with these rules and all applicable local and state building codes, fire codes, electrical codes and other laws. If a local jurisdiction has not adopted a local building code or fire code or if local regulations do not address a specific issue, then the Industrial Hygienist or Professional Engineer shall certify compliance with the International Building Code of 2012 (http:// www.iccsafe.org), the International Fire Code of 2012 (http://www.iccsafe.org) or the National Electric Code of 2014 (http://www.nfpa.org), as appropriate and as updated.

b. If a Flammable Solvent is to be used in the processing of Medical Marijuana into a Concentrate, then the Industrial Hygienist or Professional Engineer must:

i. Establish a maximum amount of Flammable Solvents and other flammable materials that may be stored within that Licensed Premises in accordance with applicable laws, rules and regulations.

ii. Determine what type of electrical equipment, which may include but need not be limited to outlets, lights, junction boxes, must be installed within the room in which Concentrate are to be produced or Flammable Solvents are to be stored in accordance with applicable laws, rules and regulations.

iii. Determine whether a gas monitoring system must be installed within the room in which Concentrate are to be produced or Flammable Solvents are to be stored, and if required the system's specifications, in accordance with applicable laws, rules and regulations.

iv. Determine whether fire suppression system must be installed within the room in which Concentrate are to be produced or Flammable Solvents are to be stored, and if required the system's specifications, in accordance with applicable laws, rules and regulations.

c. If CO2 is used as solvent at the Licensed Premises, then the Industrial Hygienist or Professional Engineer must determine whether a CO2 gas monitoring system must be installed within the room in which Concentrate are to be produced or CO2 is stored, and if required the system's specifications, in accordance with applicable laws, rules and regulations.

i. The Industrial Hygienist or Professional Engineer must determine whether a fume vent hood or exhaust system must be installed within the room in which Concentrate are to be produced, and if required the system's specifications, in accordance with applicable laws, rules and regulations.

ii. If a Product Manufacturer makes a Material Change to its Licensed Premises, equipment or a concentrate production procedure, in addition to all other requirements, it must obtain a report from an Industrial Hygienist or Professional Engineer re-certifying its standard operating procedures and, if changed, its Licensed Premises and equipment as well.

iii. The Industrial Hygienist or Professional

Engineer may review and consider any information provided to the Product Manufacturer by the designer or manufacturer of any equipment used in the processing of Medical Marijuana into a Concentrate.

iv. A Product Manufacturer must maintain copy of all reports received from an Industrial Hygienist and Professional Engineer on its Licensed Premises. Notwithstanding any other law, rule or regulation, compliance with this provision is not satisfied by storing these reports outside of the Licensed Premises. Instead the reports must be maintained on the Licensed Premises until the Licensee ceases production of Concentrate on the Licensed Premises.

d. Ensure that all equipment, counters and surfaces used in the production of a Solvent-Based Medical Marijuana Concentrate must be food-grade and must not react adversely with any of the solvents to be used in the Licensed Premises. Additionally, all counters and surface areas must be constructed in a manner that reduces the potential development of microbials, molds and fungi and can be easily cleaned;

e. Ensure that the room in which Solvent-Based Concentrate shall be produced must contain an emergency eye-wash station;

f. Ensure that a professional grade, closed-loop extraction system capable of recovering the solvent is used to produce Solvent-Based Medical Marijuana Concentrate;

i. UL or ETL Listing

(1) If the system is UL or ETL listed, then a Medical Marijuana Product Manufacturer may use the system in accordance with the manufacturer’s instructions.

(2) If the system is UL or ETL listed but the Medical Marijuana Product Manufacturer intends to use a solvent in the system that is not listed in the manufacturer’s instructions for use in the system, then, prior to using the unlisted solvent within the system, the Product Manufacturer must obtain written approval for use of the non-listed solvent in the system from either the system’s

manufacturer or a Professional Engineer after the Professional Engineer has conducted a peer review of the system. In reviewing the system, the Professional Engineer shall review and consider any information provided by the system's designer or manufacturer.

(3) If the system is not UL or ETL listed, then there must a designer of record. If the designer of record is not a Professional Engineer, then the system must be peer reviewed by a Professional Engineer. In reviewing the system, the Professional Engineer shall review and consider any information provided by the system's designer or manufacturer.

ii. A Product Manufacturer Facility need not use a professional grade, closed-loop system extraction system capable of recovering the solvent for the production of a Solvent-Based Medical Marijuana Concentrate if ethanol or isopropanol are the only solvents being used in the production process.

g. Ensure that all solvents used in the extraction process are food- grade or at least 99% pure;

i. A Product Manufacturer must obtain a safety data sheet for each solvent used or stored on the Licensed Premises. A Product Manufacturer must maintain a current copy of the safety data sheet and a receipt of purchase for all solvents used or to be used in an extraction process.

ii. A Product Manufacturer is prohibited from using denatured alcohol to produce a Concentrate.

h. Ensure that all Flammable Solvents or other flammable materials, chemicals and waste are stored in accordance with all applicable laws, rules and regulations. At no time may a Product Manufacturer store more Flammable Solvent on its Licensed Premises than the maximum amount established for that Licensed Premises by the Industrial Hygienist or Professional Engineer;

i. Ensure that the appropriate safety and sanitary equipment, including personal protective equipment, is provided to, and appropriately used by, each Owner or Occupational Licensee

engaged in the production of a Solvent-Based Medical Marijuana Concentrate; and

j. Ensure that a trained Owner or Occupational Licensee is present at all times during the production of a Solvent-Based Medical Marijuana Concentrate whenever an extraction process requires the use of pressurized equipment.

k. If a Product Manufacturer only produces Solvent-Based Medical Marijuana Concentrate using ethanol or isopropanol at its Licensed Premises and no other solvent, then it shall be considered exempt from the requirements in subparagraph 6 and instead must follow the requirements in subparagraph 4 of this section. Regardless of which rule is followed, the ethanol or isopropanol must be food grade or at least 99% pure and denatured alcohol cannot be used. The Product Manufacturer shall comply with contaminant testing required in this Act.

l. Failure to comply with this section may constitute a license violation affecting public safety.

I. The Department May Require an Independent Health and Sanitary Audit When the Department determines a health and sanitary audit by an independent consultant is necessary, it may require a Product Manufacturer to undergo such an audit. The scope of the audit may include, but need not be limited, to whether the Product Manufacturer is in compliance with the requirements set forth in this Section or other applicable food handling laws, rules or regulations and in compliance with the concentrate production rules or other applicable laws, rules and regulations.

1. The Department may attempt to mutually agree upon the selection of the independent consultant with a Product Manufacturer. However, the Department always retains the authority to select the independent consultant regardless of whether mutual agreement can be reached.

2. The Product Manufacturer will be responsible for all direct costs associated with the independent health and sanitary

audit.

3. The Department has discretion to determine when an audit by an independent consultant is necessary. The following is a non-exhaustive list of examples that may justify an independent audit:

a. A Product Manufacturer does not provide requested records related to the food handling training required for Owners and Occupational Licensees engaged in the production of edibles to the Department;

b. A Product Manufacturer does not provide requested records related to the production of Concentrate, including but not limited to, certification of its Licensed Premises, equipment or standard operating procedures, training of Owners or employees, or Production Batch specific records;

c. The Department has reasonable grounds to believe that the Product Manufacturer is in violation of one or more of the requirements set forth in this Section;

d. The Department has reasonable grounds to believe that the Product Manufacturer was the cause or source of contamination of Medical Marijuana, Concentrate or Medical Marijuana Product; or

e. Multiple Production Batches of Concentrate or Product produced by the Product Manufacturer failed contaminant testing.

4. A Product Manufacturer must pay for and timely cooperate with the Department’s requirement that it undergo an independent health and sanitary audit in accordance with this Section.

5. Suspension of Operations

a. If the Department has objective and reasonable grounds to believe and finds upon reasonable ascertainment of the underlying facts that the public health, safety or welfare imperatively requires emergency action and incorporates such findings

into its order, it may order summary suspension of the Product Manufacturer's license.

b. Prior to or following the issuance of such an order, the Product Manufacturer may attempt to come to a mutual agreement with the Department to suspend its operations until the completion of the independent audit and the implementation of any required remedial measures.

i. If an agreement cannot be reached or the Department, in its sole discretion, determines that such an agreement is not in the best interests of the public health, safety or welfare, then the Department will promptly institute license suspension or revocation procedures.

ii. If an agreement to suspend operations is reached, then the Product Manufacturer may continue to care for its inventory and conduct any necessary internal business operations but it may not, Transfer Medical Marijuana, Concentrate or Medical Marijuana Product to another MMB during the period of time specified in the agreement. Depending on the condition of the Licensed Premises and required remedial measures, the Department may permit a Product Manufacturer to produce Concentrate or manufacture Product while operations have been suspended.

J. Unless otherwise permitted by this Section a Product Manufacturer shall not accept or Transfer to another MMB or any other Person any Medical Marijuana, Concentrate or Medical Marijuana Product that has failed required testing pursuant this Act. If a Product Manufacturer possesses Medical Marijuana, Concentrate or Product that failed required testing pursuant to this Act, the Product Manufacturer shall assure that all items that failed required testing are safely destroyed in accordance with this Act.

SECTION 37. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8037 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 an MMB License.

B. The Department shall issue a Medical Marijuana Transporter license to qualifying applicants who have at least five (5) years experience as an owner and operator of a transportation firm that has been continually registered with the Oklahoma Secretary of State and otherwise meets the requirements for an MMB and the requirements set forth in this Section.

C. A Transporter License may be issued to an applicant to provide logistics, distribution, and storage of medical marijuana and product. Notwithstanding any other provisions of law, a Transporter License is valid for one (1) year, but cannot be transferred with a change of ownership. A licensed transporter is responsible for the medical marijuana and product once it takes control of the product.

D. A Transporter License applicant shall pay a licensing fee in the amount of two thousand five hundred dollars ($2,500.00) in addition to the application fee for the MMB application in the amount of two thousand five hundred dollars ($2,500.00).

E. A Transporter License shall be required for any entity to transport or transfer medical marijuana or product from an MMB to another MMB or from an MMB to a Research Facility or Education Facility.

F. A Transporter License may contract with multiple licensed MMB's.

G. Each licensed Transporter shall maintain a vehicle liability insurance policy of at least one million dollars ($1,000,000.00).

H. Each licensed Transporter shall maintain an umbrella liability insurance policy of at least five million dollars ($5,000,000.00).

I. A Transporter License may maintain a licensed premises to temporarily store medical marijuana and product and to use as a

centralized distribution point. A Transporter License may store and distribute medical marijuana and product from this location. A storage facility must meet the same facility and security requirements that are required for an MMB.

J. A Transporter License shall use the seed-to-sale tracking system developed pursuant to this Act to create shipping manifests documenting the transport of medical marijuana and product throughout the state.

K. A licensed Transporter may:

1. Maintain and operate one or more warehouses in the state to handle medical marijuana and product; and

2. Deliver medical marijuana and product on orders previously taken if the place where orders are taken and delivered is a licensed Medical Marijuana Business.

L. All medical marijuana or product shall be transported:

1. In vehicles equipped with Global Positioning System (GPS) trackers installed so as to be an integral part of the vehicle.

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

3. In a secured area of the vehicle that is inaccessible 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 dispensary, licensed cultivation facility, licensed product manufacturer, testing laboratory, research facility, or 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, owners, of a Transporter License in order for said individual to qualify to transport medical marijuana or product.

O. The fee for a transport 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 an MMB;

3. Proof of identity as required for an MMB;

4. Possession of a valid Oklahoma driver's license;

5. Verification of employment with a licensed Transporter;

6. The application and affiliated fee;

7. The Department shall not issue a registry identification card to a transporter who has been convicted of a felony offense within five (5) years.

8. A criminal background check conducted by the OSBI paid for by the applicant.

Q. If the transport 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 Transporter License holder that the transport agent ceases to work as a transporter.

S. There shall be paid an annual transporter agent license fee in the amount of one hundred dollars ($100.00) for renewal of the license.

T. The Department may revoke the registry identification card of a transporter who knowingly violates any provision of this section, and the cardholder is subject to any other penalties

established by law for the violation.

U. 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 license-holder is subject to any other penalties established in law for the violation.

V. 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;

3. Equipped with an alarm system;

4. Free of any markings that would indicate the vehicle is being used to transport medical marijuana;

5. Possess a shipping container as defined in this Act capable of securing all transported product.

W. 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 cultivation facility, product manufacturer, 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,

cultivation facility, product manufacturer, or researcher 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.

X. A separate inventory manifest shall be prepared for each licensee receiving the medical marijuana.

1. The transporter licensee entity shall provided the other MMB with a copy of the inventory manifest at the time the product changes hands and after the other licensee prints their name and sign the inventory manifest.

2. 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.

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

4. 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 38. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8038 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 category under the Medical Marijuana Business license. The Department is hereby enabled to monitor, inspect and audit a licensed Testing Laboratory under this Act.

B. The Department shall, within sixty (60) days of the effective date of this act, make available on its website in an easy to find location, an application for a Laboratory.

C. The application fee shall be Two Thousand Five Hundred Dollars ($2,500.00). A method of payment shall be determined by the Department and provided on their website.

D. The Department shall have the authority to promulgate rules related to acceptable testing and research practices, including but not limited to testing, standards, quality control analysis, equipment certification and calibration, and chemical identification and other substances used in bona fide research methods, so long as they comply with this Act.

E. A person who is a direct beneficial interest owner or an indirect beneficial owner of a dispensary, cultivation facility, or product manufacturer shall not be an owner of a laboratory.

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

G. A separate License is required for each specific Laboratory and only those privileges granted by this Act and any rules promulgated pursuant to it may be exercised on the Licensed Premises.

H. A laboratory license may be issued to a person who performs testing and research on medical marijuana and products for MMB, medical marijuana and products for research facilities and education facilities, and marijuana or marijuana products grown or

produced by a registered patient or registered primary caregiver on behalf of a registered patient, upon verification of registration.

I. A laboratory applicant shall comply with the application requirements of this section and shall submit such other information as required under Section 13 of this Act, in addition to any information the Department may request for initial approval and periodic evaluations during the approval period.

J. A Laboratory may accept Samples of Medical Marijuana, Concentrate, or Product from an MMB for testing and research purposes only, which purposes may include the provision of testing services for Samples submitted by an MMB for the purpose of product development. The Department may require an MMB to submit a Sample of Medical Marijuana, Concentrate, or Product to a Laboratory upon demand.

K. A Laboratory is authorized to accept samples of Medical Marijuana, Products from an individual person for testing under only the following conditions:

1. The individual person is a patient or caregiver under this Act or is a participant in an approved clinical observational study conducted by a Research Facility.

2. The Laboratory shall require the patient or caregiver to produce a valid patient registry card an a current and valid photo identification.

3. The Laboratory shall report all results of testing performed pursuant to this Paragraph to the Licensed Research Business identified in the verification form submitted as prescribed herein, or as otherwise directed by the approved Research Project being conducted by the Licensed Research Business. Testing result reporting shall conform with the requirements under this Act.

4. A Laboratory may transfer samples to another Laboratory for testing. All laboratory reports provided to or by an

MMB, or to a patient or primary caregiver must identify the Laboratory that actually conducted the test.

L. A Laboratory is authorized to utilize a licensed Transporter to transport Samples of Medical Marijuana, Concentrate, and Product for testing, in accordance with this Act and the rules adopted pursuant thereto, between the originating MMB requesting testing services and the destination Laboratory performing testing services.

M. The 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 Laboratory's testing processes or results, or that may diminish public confidence in the competency, impartiality and integrity of the Laboratory's testing processes or results. At a minimum, employees, owners or agents of a 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 on-going financial, employment, personal or business relationship with the MMB that provided the Sample.

N. The operators of a laboratory shall maintain the premises of the laboratory in a clean and orderly condition and shall equip the premises with such utensils and equipment as necessary to conduct the operations of the laboratory. The operators of the laboratory shall ensure adequate space for laboratory operations, sample storage and document storage.

O. A testing laboratory shall be equipped with one or more secure, controlled access areas for storage of medical marijuana and medical marijuana product test samples, waste and reference standards. Access to such storage areas shall be limited by the laboratory to authorized individuals.

P. Equipment used for the analysis of test samples shall be

adequately inspected, cleaned and maintained.

1. Equipment used for the generation or measurement of data shall be adequately tested and calibrated on an appropriate schedule, as applicable.

2. Laboratory operations shall document procedures setting forth in sufficient detail the methods and schedules to be used in the routine inspection, cleaning, maintenance, testing and calibration of equipment and shall specify, as appropriate, remedial action to be taken in the event of failure or malfunction of equipment. The procedures shall designate the personnel responsible for the performance of each operation.

3. Records shall be maintained of all inspection, maintenance, testing and calibrating operations. These records shall include the date of the operation, the person who performed it, the written procedure used and any deviations from the written procedure. Records shall be kept of nonroutine repairs performed on equipment as a result of failure and malfunction. Such records shall document the nature of the repair, how and when the need for the repair was discovered and any remedial action taken in response to the repair.

4. Computer systems used for the analysis of samples, retention of data,sample tracking, calibration scheduling, management of reference standards or other critical laboratory management functions shall ensure that electronic records, electronic signatures and handwritten signatures executed to electronic records are trustworthy, reliable and generally equivalent to paper records and handwritten signatures executed on paper.

I. A licensed laboratory is authorized to possess reagents, solutions and reference standards. Such items shall be:

1. Secured in accordance with the storage policies of the licensed laboratory, labeled to indicate identity, date received or prepared and expiration or requalification date and, where applicable, concentration or purity, storage requirements and date

opened,

2. Stored under appropriate conditions to minimize degradation or deterioration of the material, and

3. Used only within the expiration or requalification date of the item.

4. Deteriorated or outdated reagents and solutions shall be properly destroyed.

5. A licensed laboratory may acquire commercial reference standards for cannabinoids and other chemicals or contaminants for the exclusive purpose of conducting testing for which the laboratory is licensed. A licensed laboratory may elect to internally produce reference standards. When internally produced, a licensed laboratory shall utilize standard analytical techniques to document the purity and concentration of the internally produced reference standards. A licensed laboratory is authorized to obtain marijuana or marijuana-derived product from a Research Facility or Education Facility for this purpose.

6. A licensed laboratory shall obtain or, for internally produced standards, shall create a certificate of analysis ("COA") for each lot of reference standard. Each COA shall be kept on file and the lot number of the reference standard used shall be recorded in the documentation for each analysis, as applicable.

J. Unused marijuana, marijuana products or waste that is in the possession of a laboratory shall be disposed of by transporting the unused portion to a state or local law enforcement office or by destruction of the material.

L. A licensed 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 licensed producer or qualified patient. A 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, for the purpose of determining compliance with the requirements of this section.

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

N. A laboratory shall take reasonable measures and precautions to ensure the following:

1. That all testing shall be done in premises that are in compliance with local ordinances including, but not limited to, zoning, occupancy, licensing and building codes;

2. That the testing operation and all equipment, implements and fixtures shall be used exclusively for the testing of marijuana-derived products and that any other use shall be prohibited;

3. Laboratory staff involved in the handling, transportation, manufacture, testing or packaging of marijuana-derived products shall complete general food-handler safety training.

O. A Laboratory shall properly dispose of all Samples it receives, that are not Transferred to another Laboratory, after all necessary tests have been conducted and any required period of storage.

1. A Laboratory shall reject any sample where the condition of the sample at receipt indicates that that the sample may have been tampered with.

2. A Laboratory must use the Inventory Tracking System to ensure all Test Batches or Samples containing Medical Marijuana, Concentrate, or Products are identified and tracked from the point they are Transferred from an MMB, a patient, or a patient’s primary 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, Concentrate or Product. The Laboratory must have the ability to reconcile its Sample records with the Inventory Tracking System and the associated transaction history.

3. A Laboratory shall not sell or give away Medical Marijuana, Concentrate, or Product to a Transporter, and shall not buy, or receive complimentary Medical Marijuana, Concentrate, or Product from a Transporter.

P. If certification in a testing category is required by the Department, then the Laboratory must be certified in the category in order to perform that type of testing, including but not limited to the following categories:

1. Microbials;

2. Mycotoxins;

3. Residual solvents;

4. Pesticides; and

5. THC and other Cannabinoid potency.

Q. The Laboratory certification program is contingent upon successful on-site inspection, successful participation in Proficiency Testing, and ongoing compliance with the applicable requirements in this Section.

R. A Laboratory must be inspected prior to initial certification and annually thereafter by an inspector approved by the Department.

SECTION 39. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8039 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. A Laboratory must meet standards of performance, as established in this Act, in order to obtain and maintain certification. Standards of performance include but are not limited to: personnel qualifications, standard operating procedure manual,

analytical processes, Proficiency Testing, quality control, quality assurance, security, chain of custody, Sample retention, space, records, and results reporting.

B. A Laboratory must employ, at a minimum, a Laboratory Director with sufficient education and experience in a regulated laboratory environment in order to obtain and maintain certification.

1. The Laboratory Director is responsible for the overall analytical operation and quality of the results reported by the Laboratory, including the employment of personnel who are competent to perform test procedures, and record and report test results promptly, accurately, and proficiently and for assuring compliance with the standards set forth in this section.

2. The Laboratory Director may also serve as a supervisory analyst or testing analyst, or both, for a Laboratory.

3. The Laboratory Director for a Laboratory must meet one of the following qualification requirements:

a. The Laboratory Director must be a board certified physician licensed to practice medicine in Oklahoma and have at least three years of full-time laboratory experience in a regulated laboratory environment performing analytical scientific testing in which the testing methods were recognized by an accrediting body; or

b. The Laboratory Director must hold a doctoral degree in one of the natural sciences and have at least three years of full-time laboratory experience in a regulated laboratory environment performing analytical scientific testing in which the testing methods were recognized by an accrediting body; or

c. The Laboratory Director must hold a master’s degree in one of the natural sciences and have at least five years of full-time laboratory experience in a regulated laboratory environment performing analytical scientific testing in which the testing methods were recognized by an accrediting body.

4. The Laboratory Director may delegate the responsibilities assigned under this section to a qualified Supervisory Analyst, provided that such delegation is made in writing and a record of the delegation is maintained. Despite the designation of a responsibility, the Laboratory Director remains responsible for ensuring that all duties are properly performed.

a. The Laboratory Director must:

i. Ensure that the Laboratory has adequate space, equipment, materials, and controls available to perform the tests reported;

ii. Establish and adhere to a written standard operating procedure used to perform the tests reported;

iii. Ensure that testing systems developed and used for each of the tests performed in the laboratory provide quality laboratory services for all aspects of test performance, which includes the preanalytic, analytic, and post analytical phases of testing;

iv. Ensure that the physical location and environmental conditions of the laboratory are appropriate for the testing performed and provide a safe environment in which employees are protected from physical, chemical, and biological hazards;

v. Ensure that the test methodologies selected have the capability of providing the quality of results required for the level of testing the laboratory is certified to perform;

vi. Ensure that validation and verification test methods used are adequate to determine the accuracy, precision, and other pertinent performance characteristics of the method;

vii. Ensure that testing analysts perform the test methods as required for accurate and reliable results;

viii. Ensure that the laboratory is enrolled in and successfully participates in a Department approved Proficiency

Testing program;;

ix. Ensure that the quality control and quality assessment programs are established and maintained to assure the quality of laboratory services provided and to identify failures in quality as they occur;

x. Ensure the establishment and maintenance of acceptable levels of analytical performance for each test system;

xi. Ensure that all necessary remedial actions are taken and documented whenever significant deviations from the laboratory's established performance specifications are identified, and that test results are reported only when the system is functioning properly;

xii. Ensure that reports of test results include pertinent information required for interpretation;

xiii. Ensure that consultation is available to the laboratory's clients on matters relating to the quality of the test results reported and their interpretation of said results;

xiv. Employ a sufficient number of laboratory personnel who meet the qualification requirements and provide appropriate consultation, properly supervise, and ensure accurate performance of tests and reporting of test results;

xv. Ensure that prior to testing any samples, all testing analysts receive the appropriate training for the type and complexity of tests performed, and have demonstrated and documented that they can perform all testing operations reliably to provide and report accurate results;

xvi. Ensure that policies and procedures are established for monitoring individuals who conduct preanalytical, analytical, and postanalytical phases of testing to assure that they are competent and maintain their competency to process Samples, perform test procedures and report test results promptly and

proficiently, avoid actual and apparent conflicts of interest, and whenever necessary, identify needs for remedial training or continuing education to improve skills;

xvii. Ensure that an approved standard operating procedure manual is available to all personnel responsible for any aspect of the testing process; and

xviii. Specify, in writing, the responsibilities and duties of each person engaged in the performance of the preanalytic, analytic, and post analytical phases of testing, that identifies which examinations and procedures each individual is authorized to perform, whether supervision is required for Sample processing, test performance or results reporting, and whether consultant or laboratory director review is required prior to reporting test results.

b. In the event that the Laboratory Director leaves employment at the Laboratory, the Laboratory shall:

i. Provide written notice to the Department within seven days of the Laboratory Director’s departure; and

ii. Designate an interim Laboratory Director within seven days of the Laboratory Director’s departure. At a minimum, the interim Laboratory Director must meet the qualifications of a Supervisory Analyst.

iii. The Laboratory must hire a permanent Laboratory Director within sixty (60) days from the date of the previous Laboratory Director’s departure.

iv. Notwithstanding the requirement of this subparagraph 3(f) (iii), the Laboratory may submit a waiver request to the Department to receive an additional sixty (60) days to hire a permanent Laboratory Director provided that the Laboratory submits a detailed oversight plan along with the waiver request.

4. A Supervisory Analyst must meet one of the

qualifications for a Laboratory Director or have at least a bachelor's degree in one of the natural sciences and three years of full- time laboratory experience in a regulated laboratory environment performing analytical scientific testing in which the testing methods were recognized by an accrediting body. A combination of education and experience may substitute for the three years of full-time laboratory experience.

5. An individual designated as a testing analyst must meet one of the qualifications for a laboratory director or supervisory analyst or have at least a bachelor's degree in one of the natural sciences and one year of full-time experience in laboratory testing.

a. Testing analysts must have documentation of competency assessment prior to testing Samples. Any changes to the approved other or new methodology must be revalidated and documented prior to testing Samples.

6. In order to independently perform any test for a Laboratory, an individual must at least meet the educational requirements for a testing analyst.

7. A Laboratory must have a written and documented system to evaluate and document the competency in performing authorized tests for employees. Prior to independently analyzing Samples, testing personnel must demonstrate acceptable performance on precision, accuracy, specificity, reportable ranges, blanks, and unknown challenge samples (proficiency samples or internally generated quality controls).

C. A Laboratory must have a written standard operating procedure manual meeting the minimum standards set forth in these rules detailing the performance of all methods employed by the facility used to test the analyses it reports and made available for testing analysts to follow at all times.

1. The current Laboratory Director must approve, sign

and date each procedure. If any modifications are made to those procedures, the Laboratory Director must approve, sign and date the revised version prior to use.

2. A Laboratory must maintain a copy of all standard operating procedures to include any revised copies for a minimum of three years.

3. A standard operating procedure manual must include, but need not be limited to, procedures for:

a. Sample receiving;

b. Sample accessioning;

c. Sample storage;

d. Identifying and rejecting unacceptable Samples;

e. Recording and reporting discrepancies;

f. Security of Samples, aliquots and extracts and records;

g. validating a new or revised method prior to testing Samples to include: accuracy, precision, analytical sensitivity, analytical specificity (interferences), LOD, LOQ, and verification of the reportable range;

h. Aliquoting Samples to avoid contamination and carry-over;

i. Sample retention to assure stability, as follows:

i. For Samples that comprise Test Batches submitted for testing other than Pesticide contaminant testing, Sample retention for 14 days;

ii. For Samples that comprise Test Batches submitted for Pesticide contaminant testing, Sample retention for 90 days.

j. Disposal of Samples;

k. The theory and principles behind each assay;

l. Preparation and identification of reagents, standards, calibrators and controls and ensure all standards are traceable to National Institute of Standards of Technology (“NIST”);

m. Special requirements and safety precautions involved in performing assays;

n. Frequency and number of control and calibration materials;

o. Recording and reporting assay results;

p. Protocol and criteria for accepting or rejecting analytical procedure to verify the accuracy of the final report;

q. Pertinent literature references for each method;

r. Current step-by-step instructions with sufficient detail to perform the assay to include equipment operation and any abbreviated versions used by a testing analyst;

s. Acceptability criteria for the results of calibration standards and controls as well as between two aliquots or columns;

t. A documented system for reviewing the results of testing calibrators, controls, standards, and subject tests results, as well as reviewing for clerical errors, analytical errors and any unusual analytical results. Are corrective actions implemented and documented, and does the laboratory contact the requesting entity; and

u. Policies and procedures to follow when Samples are requested for referral and testing by another certified Laboratory or an approved local state agency’s laboratory.

v. A Laboratory must maintain a listing of all analytical methods used and all analytes tested and reported. The Laboratory must provide this listing to the Department upon request.

8. Gas Chromatography (“GC”). A Laboratory using GC must:

a. Document the conditions of the gas chromatograph, including the detector response;

b. Perform and document preventive maintenance as required by the manufacturer;

c. Ensure that records are maintained and readily available to the staff operating the equipment;

d. Document the performance of new columns before use;

e. Establish criteria of acceptability for variances between different aliquots and different columns; an

f. Document the monitoring of the response (area or peak height) of the internal standard to ensure consistency overtime of the analytical system.

5. Gas Chromatography Mass Spectrometry ("GC/MS"). A Laboratory using GC/MS must:

a. Perform and document preventive maintenance as required by the manufacturer;

b. Document the changes of septa as specified in the standard operating procedure;

c. Document liners being cleaned or replaced as specified in the standard operating procedure;

d. Ensure that records are maintained and readily available to the staff operating the equipment;

e. Maintain records of mass spectrometric tuning;

f. Establish written criteria for an acceptable mass-spectrometric tune;

g. Document corrective actions if a mass-spectrometric tune is unacceptable;

h. Monitor analytic analyses to check for contamination and carry-over;

i. Use selected ion monitoring within each run to

assure that the laboratory compare ion ratios and retention times between calibrators, controls and Samples for identification of an analyte;

j. Use an internal standard for qualitative and quantitative analysis that has similar chemical and physical properties to that of the compound identified and is isotopically labeled when available or appropriate for the assay;

k. Document the monitoring of the response (area or peak height) for the internal standard to ensure consistency overtime of the analytical system;

l. Define the criteria for designating qualitative results as positive;

m. When a library is used to qualitatively match an analyte, the relative retention time and mass spectra from a known standard or control must be run on the same system before reporting the results; and

n. Evaluate the performance of the instrument after routine and preventive maintenance (e.g. clipping or replacing the column or cleaning the source) prior to analyzing subject Samples.

6. A Laboratory using Immunoassays must:

a. Perform and document preventive maintenance as required by the manufacturer;

b. Ensure that records are maintained and readily available to the staff operating the equipment;

c. Validate any changes or modifications to a manufacturer’s approved assays or testing methods when a Sample is not included within the types of Samples approved by the manufacturer; and

d. Define acceptable separation or measurement units (absorbance intensity or counts per minute) for each assay, which must be consistent with manufacturer’s instructions.

7. Thin Layer Chromatography ("TLC"). A Laboratory using TLC must:

a. Apply unextracted standards to each thin layer chromatographic plate;

b. Include in their written procedure the preparation of mixed solvent systems, spray reagents and designation of lifetime;

c. Include in their written procedure the storage of unused thin layer chromatographic plates;

d. Evaluate, establish, and document acceptable performance for new thin layer chromatographic plates before placing them into service;

e. Verify that the spotting technique used precludes the possibility of contamination and carry-over;

f. Measure all appropriate RF values for qualitative identification purposes;

g. Use and record sequential color reactions, when applicable;

h. Maintain records of thin layer chromatographic plates; and

i. Analyze an appropriate matrix blank with each batch of Samples analyzed.

8. High Performance Liquid Chromatography ("HPLC"). A Laboratory using HPLC must:

a. Perform and document preventive maintenance as required by the manufacturer;

b. Ensure that records are maintained and readily available to the staff operating the equipment;

c. Monitor and document the performance of the HPLC instrument each day of testing;

d. Evaluate the performance of new columns before

use;

e. Create written standards for acceptability when eluting solvents are recycled;

f. Use an internal standard for each qualitative and quantitative analysis that has similar chemical and physical properties to that of the compound identified when available or appropriate for the assay; and

g. Document the monitoring of the response (area or peak height) of the internal standard to ensure consistency overtime of the analytical system.

9. Liquid Chromatography Mass Spectroscopy ("LC/MS"). A Laboratory using LC/MS must:

a. Perform and document preventive maintenance as required by the manufacturer;

b. Ensure that records are maintained and readily available to the staff operating the equipment;

c. Maintain records of mass spectrometric tuning;

d. Document corrective actions if a mass-spectrometric tune is unacceptable;

e. Use an internal standard with each qualitative and quantitative analysis that has similar chemical and physical properties to that of the compound identified and is isotopically labeled when available or appropriate for the assay;

f. Document the monitoring of the response (area or peak height) of the internal standard to ensure consistency overtime of the analytical system;

g. Compare two transitions and retention times between calibrators, controls and Samples within each run;

h. Document and maintain records when changes in source, source conditions, eluent, or column are made to the instrument; and

i. Evaluate the performance of the instrument when

changes in: source, source conditions, eluent, or column are made prior to reporting test results.

10. A Laboratory using other methodology or new methodology must implement a performance based measurement system for the selected methodology and validate the method following good laboratory practices prior to reporting results. Validation of other or new methodology must include when applicable, but is not limited to:

a. Verification of Accuracy

b. Verification of Precision

c. Verification of Analytical Sensitivity

d. Verification of Analytical Specificity

e. Verification of the LOD

f. Verification of the LOQ

g. Verification of the Reportable Range

h. Identification of Interfering Substances

i. Validation of the other or new methodology must be documented.

j. Prior to use, other or new methodology must have a standard operating procedure approved and signed by the Laboratory Director.

D. Proficiency Testing. A Laboratory must successfully participate in a Department approved Proficiency Testing program for each approved category in which it seeks certification under this section, in order to obtain and maintain certification.

1. If required by the Department as part of certification, the Laboratory must have successfully participated in a proficiency test in the category for which it seeks certification, within the preceding twelve (12) months.

2. To maintain continued certification, a Laboratory

must participate in the designated proficiency testing program with continued satisfactory performance as determined by the Department as part of certification. The Department may designate a local agency, state agency, or independent third-party to provide Proficiency Testing.

3. A Laboratory must take and document remedial action when a score of less than one hundred percent (100%) is achieved on any test during a Proficiency Test. Remedial action documentation must include a review of Samples tested and results reported since the last successful proficiency testing event. A requirement to take remedial action does not necessarily indicate unsatisfactory participation in a Proficiency Testing event.

4. Unless the Laboratory positively identifies at least eighty percent (80%) of the target analytes tested, participation in the Proficiency Testing will be considered unsatisfactory. A positive identification must include accurate quantitative and qualitative results as applicable. Any false positive results reported will be considered an unsatisfactory score for the proficiency testing event.

a. Unsuccessful participation in a Proficiency Testing event may result in limitation, suspension or revocation of certification.

E. A Laboratory must establish and follow a quality assurance and quality control program to ensure sufficient monitoring of laboratory processes and quality of results reported.

1. A Laboratory must establish, monitor, and document the ongoing review of a quality assurance program that is sufficient to identify problems in the laboratory preanalytic, analytic and post analytic systems when they occur and must include, but is not limited to:

a. Review of instrument preventive maintenance, repair, troubleshooting and corrective actions documentation must be performed by the laboratory director or designated supervisory

analyst on an ongoing basis to ensure the effectiveness of actions taken over time;

b. Review by the laboratory director or designated supervisory analyst of all ongoing quality assurance; and

c. Review of the performance of validated methods used by the Laboratory to include calibration standards, controls and the standard operating procedures used for analysis on an ongoing basis to ensure quality improvements are made when problems are identified or as needed.

2. A Laboratory must establish, monitor and document on an ongoing basis the quality control measures taken by the laboratory to ensure the proper functioning of equipment, validity of standard operating procedures and accuracy of results reported. Such quality control measures must include, but shall not be limited to:

a. Documentation of instrument preventive maintenance, repair, troubleshooting and corrective actions taken when performance does not meet established levels of quality;

b. Review and documentation of the accuracy of automatic and adjustable pipettes and other measuring devices when placed into service and annually thereafter;

c. Cleaning, maintaining and calibrating as needed the analytical balances and in addition, verifying the performance of the balance annually using certified weights to include three or more weights bracketing the ranges of measurement used by the laboratory;

d. Annually verifying and documenting the accuracy of thermometers using a NIST traceable reference thermometer;

e. Recording temperatures on all equipment when in use where temperature control is specified in the standard operating procedures manual, such as water baths, heating blocks, incubators, ovens, refrigerators, and freezers;

f. Properly labeling reagents as to the identity,

the concentration, date of preparation, storage conditions, lot number tracking, expiration date and the identity of the preparer;

g. Avoiding mixing different lots of reagents in the same analytical run;

h. Performing and documenting a calibration curve with each analysis using at minimum three calibrators throughout the reporting range;

i. For qualitative analyses, analyzing, at minimum, a negative and a positive control with each batch of samples analyzed;

j. For quantitative analyses, analyzing, at minimum, a negative and two levels of controls that challenge the linearity of the entire curve;

k. Using a control material or materials that differ in either source or, lot number, or concentration from the calibration material used with each analytical run;

l. For multi-analyte assays, performing and documenting calibration curves and controls specific to each analyte, or at minimum, one with similar chemical properties as reported in the analytical run;

m. Analyzing an appropriate matrix blank and control with each analytical run, when available;

n. Analyzing calibrators and controls in the same manner as unknowns;

o. Documenting the performance of calibration standards and controls for each analytical run to ensure the acceptability criteria as defined in the Standard Operating Procedure is met;

p. Documenting all corrective actions taken when unacceptable calibration, control, and standard or instrument performance does not meet acceptability criteria as defined in the

Standard Operating Procedure;

q. Maintaining records of validation data for any new or modified methods to include; accuracy, precision, analytical specificity (interferences), LOD, LOQ, and verification of the linear range; and

r. Performing testing analysts that follow the current standard operating procedures manual for the test or tests to be performed.

F. A Laboratory must be located in a secure setting as to prevent unauthorized persons from gaining access to the testing and storage areas of the laboratory.

G. A Laboratory must establish a system to document the complete chain of custody for Samples from receipt through disposal. A Laboratory must establish an adequate chain of custody and Sample requirement instructions that must include, but not be limited to:

1. Issue instructions for the minimum Sample requirements and storage requirements;

2. Document the condition of the external package and integrity seals utilized to prevent contamination of, or tampering with, the Sample;

3. Document the condition and amount of Sample provided at the time of receipt;

4. Document all persons handling the original Samples, aliquots, and extracts;

5. Document all Transfers of Samples, aliquots, and extracts referred to another certified Laboratory Licensee for additional testing or whenever requested by a client;

6. Maintain a current list of authorized personnel and restrict entry to the laboratory to only those authorized;

7. Secure the Laboratory during non-working hours;

8. Secure short and long-term storage areas when not in use;

9. Utilize a secured area to log-in and aliquot Samples;

10. Ensure Samples are stored appropriately; and

11. Document the disposal of Samples, aliquots, and extracts.

H. A Laboratory must be located in a fixed structure that provides adequate infrastructure to perform analysis in a safe and compliant manner consistent with federal, state and local requirements.

I. A Laboratory must establish a system to retain and maintain all required records. A Laboratory must maintain all required business records. Said records system shall include, but not be limited to:

1. Test Results, including final and amended reports, and identification of analyst and date of analysis;

2. Quality Control and Quality Assurance Records, including accession numbers, Sample type, and acceptable reference range parameters;

3. Standard Operating Procedures;

4. Personnel Records;

5. Chain of Custody Records;

6. Proficiency Testing Records; and

7. Analytical Data to include data generated by the instrumentation, raw data calibration standards, and curves.

J. A Laboratory must establish processes to ensure results are reported in a timely and accurate manner. A Laboratory must establish procedures to ensure that results are accurate, precise and scientifically valid prior to reporting such results.

1. Every final report, whether submitted to the Department, to a MMB or to any other Person authorized to receive the report, must include the following:

a. Report quantitative results that are only above the lowest concentration of calibrator or standard used in the analytical run;

b. Verify results that are below the lowest concentration of calibrator or standard and above the LOQ by using a blank and a standard that falls below the expected value of the analyte in the sample in duplicate prior to reporting a quantitative result;

c. Qualitatively report results below the lowest concentration of calibrator or standard and above the LOD as either trace or using a non-specific numerical designation;

d. Adequately document the available external chain of custody information;

e. Ensure all final reports contain the name and location of the Laboratory that performed the test, name and unique identifier of sample, submitting client, Sample received date, date of report, type of Sample tested, test result, units of measure, and any other information or qualifiers needed for interpretation when applicable to the test method and results being reported, to include any identified and documented discrepancies; and

f. Provide the final report to the Department, as well as the MMB and/or any other Person authorized to receive the report in a timely manner; and

2. Each Laboratory shall:

a. Report all test results to the Department as part of daily reconciliation by the close of business and in accordance with all Inventory Tracking System Procedures under this Act. The requirement to report all test results includes:

i. Both positive and negative test results;

ii. Results from both mandatory and voluntary testing; and

iii. For quantitative tests, a quantitative value.

b. As part of Inventory Tracking System reporting, when results of tested Samples exceed maximum levels of allowable potency or contamination, or otherwise result in failed potency, homogeneity, or contaminant testing, the Laboratory shall, in the Inventory Tracking System, indicate failed test results for the Inventory Tracking System package associated with the failed Sample. This requirement only applies to testing of Samples that are comprised of Medical Marijuana, Concentrate, or Product.

3. Violation of this subsection may constitute a license violation affecting public safety

E. Conduct While Seeking Certification. A Laboratory, and its agents and employees, shall provide all documents and information required or requested by the Department and its employees in a full, faithful, truthful, and fair manner.

SECTION 40. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8040 of Title 63, unless there is created a duplication in numbering reads as follows:

A. The Department is hereby granted the authority to create the Medical Marijuana Testing Program and promulgate rules hereunder necessary for implementing the program.

B. Unless a Cultivation Facility and Product Manufacturer's cultivation or production process has achieved process validation under this Act, it shall not transfer or process into a concentrate or product any medical marijuana, concentrate or product unless samples from each harvest batch or production batch from which that medical marijuana, concentrate or product was derived has been tested by a Testing Laboratory for contaminants and passed all contaminant tests required by this Section.

C. A Cultivation Facility's cultivation process shall be deemed validated for contaminant testing if every Harvest Batch that

it produced during at least a six-week period but no longer than a twelve (12) week period passed all contaminant tests required by this Paragraph F of this Section. This must include at least six Test Batches.

1. A Cultivation Facility's or a Products Manufacturer's production process shall be deemed validated regarding contaminant if every Production Batch that it produced during at least a four-week period but no longer than an eight-week period passed all contaminant tests required by Paragraph F of this Section. This must include at least four Test Batches.

2. Once a Cultivation Facility or Product Manufacturer has successfully obtained process validation for contaminants, the process validation shall be effective for one year from the date of the last passing test required to satisfy the process validation requirements.

3. After successfully obtaining process validation, once every thirty (30) days a Cultivation Facility shall subject at least one Harvest Batch to all contaminant testing required by Paragraph F of this Section. If during any thirty (30) day period a Cultivation Facility does not possess a Harvest Batch that is ready for testing, the Cultivation Facility must subject its first Harvest Batch that is ready for testing to the required contaminant testing prior to Transfer or processing of the Medical Marijuana. If a Harvest Batch subject to ongoing contaminant testing fails contaminant testing, the Cultivation Facility shall follow the procedure set forth herein.

a. The Department may reduce the frequency of ongoing contaminant testing required by Cultivation Facility if the Department has reasonable grounds to believe Laboratories have reached maximum capacity to perform testing required by this Act or rules promulgated hereunder. The Department will provide notification of any reduction to the frequency of ongoing contaminant testing to the Licensee's last electronic mailing address provided to the

Department.

4. After successfully obtaining process validation, once every thirty (30) days a Cultivation Facility or Product Manufacturer shall subject at least one Production Batch to all contaminant testing required by Paragraph F of this Section. If during any thirty (30) day period a Cultivation Facility or Product Manufacturer does not possess a Production Batch that is ready for testing, the Cultivation Facility or Product Manufacturer must subject its first Production Batch that is ready for testing to the required contaminant testing prior to Transfer or processing of the Medical Marijuana. If a Production Batch submitted for ongoing contaminant testing fails contaminant testing, the Cultivation Facility or Product Manufacturer shall follow the procedure in this Section.

a. The Department may reduce the frequency of ongoing contaminant testing required by Cultivation Facility or Product Manufacturers if the Department has reasonable grounds to believe Laboratories have reached maximum capacity to perform testing required by this Act. The Department will provide notification of any reduction to the frequency of ongoing contaminant testing to the Licensee's last electronic mailing address provided to the Department.

D. Required Contaminant Tests.

1. Harvest Batches of Medical Marijuana and Production Batches of Water, Heat/Pressure-, or Food-Based Concentrate and Product must be tested for microbial contamination by a Testing Laboratory at the frequency established by this Act. The microbial contamination test must include, but need not be limited to, testing to determine the presence of Salmonella sp. and shiga-toxin producing Escherichia coli., and the amount of total yeast and mold.

2. Production Batches of Solvent-Based Concentrate produced by a Product Manufacturer must be tested for residual solvent contamination by a Testing Laboratory at the frequency

established under this Section. The residual solvent contamination test must include, but need not be limited to, testing to determine the presence of, and amounts present of acetone, butane, ethanol, heptanes, isopropyl alcohol, propane, benzene, toluene, pentane, hexane, and total xylenes (m, p, o – xylenes).

3. As part of Remediation, each Production Batch of Solvent-Based Medical Marijuana Concentrate produced by a Product Manufacturer from Medical Marijuana that failed microbial contaminant testing produced must be tested by a Testing Laboratory for mycotoxin contamination. The mycotoxin contamination test must include, but need not be limited to, testing to determine the presence of, and amounts present of, aflatoxins (B1, B2, G1, and G2) and ochratoxin A. This is in addition to all other contaminant testing required by this section.

4. Harvest Batches of Medical Marijuana must be tested for Pesticide contamination by a Testing Laboratory at the frequency established by this Act. The Pesticide contamination test must include, but need not be limited to, testing to determine the presence of, and amounts present of, the Pesticides listed in this Act.

E. The Department may require additional tests to be conducted on a Harvest Batch or Production Batch prior to a Cultivation Facility or Product Manufacturer transferring, or processing into a Concentrate or Product any Medical Marijuana, Concentrate or Product from that Harvest Batch or Production Batch. Additional tests may include, but need not be limited to, screening for Pesticide, chemical contaminants or other types of biological contaminants, microbials, molds, metals, or residual solvents.

F. A Production Batch of Concentrate shall be considered exempt from this Section if the Product Manufacturer that produced it does not Transfer any portion of the Production Batch and uses the entire Production Batch to manufacture Medical Marijuana Product,

except that a Solvent-Based Concentrate must still be submitted for residual solvent contaminant testing. The manufactured Medical Marijuana Product shall be subject to mandatory testing under this Section.

G. Required Re-Validation - Contaminants.

1. Material change Re-validation. If a Cultivation Facility or Product Manufacturer makes a material change to its cultivation or production process or its standard operating procedure manual, then it must have the first five (5) Harvest Batches or Production Batches produced using the procedures tested for all of the contaminants required by this Act regardless of whether its process has been previously validated regarding contaminants. If any of those tests fail, then the Business's process must be re-validated.

a. It shall be considered a material change if a Cultivation Facility begins using a new or different Pesticide during its cultivation process.

b. It shall be considered a material change if a Product Manufacturer begins using a new or different solvent or combination of solvents or changes any parameters for equipment related to the solvent purging process, including but not limited to, time, temperature, or pressure.

c. It shall be considered a material change if a Cultivation Facility begins using a new or different method for any material part of the cultivation process, including but not limited to, changing from one growing medium to another.

d. A Cultivation Facility or Product Manufacturer must notify the Testing Laboratory of the material change.

e. When a Harvest Batch or Production Batch is required to be submitted for testing pursuant to this Section, the Cultivation Facility or Product Manufacturer that produced it may not transfer or process into a concentrate or Medical Marijuana Product

any of the Medical Marijuana, Concentrate or Medical Marijuana Product from that Harvest Batch or Production Batch.

2. Failed contaminant testing may constitute a violation of this Act.

3. Additionally, if a Sample the Department requires to be tested fails contaminant testing, the Cultivation Facility or Product Manufacturer shall follow the procedures herein for any Inventory Tracking System package, Harvest Batch, or Production Batch from which the failed Sample was taken. The Cultivation Facility or Product Manufacturer shall also submit three additional Test Batches of the Medical Marijuana, Concentrate, or Product for contaminant testing by a Testing laboratory within no more than thirty (30) days. If any one of the three (3) submitted Test Batches fails contaminant testing, the Cultivation Facility or Product Manufacturer shall re-validate its process for contaminants.

H. Failure to comply with this section may constitute a license violation affecting public safety.

I. A Business may be required by the Department to submit a Sample(s) of Medical Marijuana, Concentrate or Product it possesses to a Testing laboratory at any time regardless of whether its process has been validated and without notice.

1. Samples collected pursuant to this Section shall be tested for potency or contaminants which may include, but may not be limited to, Pesticide, microbials, mycotoxin, molds, metals, residual solvents, biological contaminants, and chemical contaminants.

2. When a Sample is required to be submitted for testing, the Business may not Transfer or process into a Concentrate or Medical Marijuana Product any Marijuana, Concentrate or Medical Marijuana Product from the Inventory Tracking System package, Harvest Batch or Production Batch from which the Sample was taken, unless or until it passes all required testing.

J. Methods for Determining Required Testing.

1. The Department may require Samples to be submitted for testing through any one or more of the following processes: random process, risk-based process or other internally developed process, regardless of whether an MMB's process has been validated.

2. In addition, the Department may require a Business to submit a Sample for testing if the Department has reasonable grounds to believe that:

a. Medical Marijuana, Concentrate or Product is contaminated or mislabeled;

b. An MMB is in violation of any product safety, health or sanitary statute, rule or regulation; or

c. The results of a test would further an investigation by the Department into a violation of any statute, rule or regulation.

3. The Department may require an MMB to submit Samples from certain randomly selected Harvest Batches or Production Batches for potency or contaminant testing prior to implementing mandatory testing.

K. The testing requirements contained in this Act are the minimum required testing standards. MMB's are responsible for ensuring adequate testing on any Medical Marijuana, Concentrate, and/or Product they produce or transfer to ensure safety for human consumption.

L. The Department may also require an MMB to submit Samples comprised of items other than Medical Marijuana, Concentrate or Product to be tested for contaminants which may include, but may not be limited to, Pesticide, microbials, molds, metals, residual solvents, biological contaminants, and chemical contaminants. The following is a non-exhaustive list of the types of Samples that may be required to be submitted for contaminant testing:

1. Specific Medical Marijuana plant(s) or any portion of a Medical Marijuana plant(s);

2. Any growing medium, water or other substance used in the cultivation process;

3. Any water, solvent or other substance used in the processing of a Concentrate;

4. Any ingredient or substance used in the manufacturing of a Product; or

5. Swab of any equipment or surface.

M. A Test Batch submitted for potency testing may only be comprised of Samples that are of the same strain of Medical Marijuana or from the same Production Batch of Concentrate or Product.

1. A potency test conducted pursuant to this rule must at least determine the level of concentration of THC, THCA, CBD, CBDA and CBN.

N. Potency Testing for Medical Marijuana.

1. A Cultivation Facility must have potency tests conducted by a Testing Laboratory on four Harvest Batches, created a minimum of one week apart, for each strain of Medical Marijuana that it cultivates.

a. The first potency test must be conducted on each strain prior to the Cultivation Facility transferring or processing into a Concentrate any Medical Marijuana of that strain.

b. All four potency tests must be conducted on each strain no later than February 1, 2019 or six months after the Cultivation Facility begins cultivating that strain, whichever is later.

2. After the initial four potency tests, a Cultivation Facility shall have each strain of Medical Marijuana that it cultivates tested for potency at least once per quarter.

O. A Cultivation Facility or Product Manufacturer must have a potency test conducted by a Laboratory on every Production Batch of Concentrate that it produces prior to Transferring or processing into

a Product any of the Concentrate from that Production Batch.

P. Potency Testing for Product

1. A Products Manufacturer shall have potency tests conducted by a Testing Laboratory on every Production Batch of each type of Product that it produces prior to Transferring any of the Product from that Production Batch, unless the Products Manufacturer has successfully completed process validation for potency and homogeneity for the particular type of Product.

2. Potency and homogeneity tests conducted on Product must determine the level of concentration of the required Cannabinoids and whether or not THC is homogeneously distributed throughout the product.

3. If only a portion of a Product is infused with Medical Marijuana, then the Product Manufacturer must inform the Laboratory of exactly which portions of the Product are infused and which portions are not infused.

Q. Process Validation of Potency and Homogeneity.

1. A Products Manufacturer may process validate potency and homogeneity for each type of non-Edible Medical Marijuana Product and each type of Edible Medical Marijuana Product that it manufactures so long as the Edible Medical Marijuana Product contains one hundred (100) milligrams or less of THC.

2. A Product Manufacturer’s production process for a particular type of Medical Marijuana Product shall be deemed valid regarding potency and homogeneity if every Production Batch that it produces for that particular type of Product during at least a four (4) week period but no longer than an eight (8) week period passes all potency and homogeneity tests required by this Act. This must include at least four (4) Test Batches.

3. A Product Manufacturer shall be required to re-validate its process every twelve (12) months from the date process validation is achieved, after which point the process

validation expires. If the process validation expires, the Product Manufacturer shall comply with the requirements of this Section.

4. After successfully obtaining process validation, once per quarter a Product Manufacturer shall subject at least one (1) Production Batch of each type of Product that it produces to potency and homogeneity testing required by Paragraph (D) of this Section. If during any quarter a Products Manufacturer does not possess a Production Batch that is ready for testing, the Product Manufacturer must subject its first Production Batch that is ready for testing to the required potency and homogeneity testing prior to Transfer or processing of the Medical Marijuana. If a Test Batch submitted for ongoing potency and homogeneity testing fails potency and homogeneity testing, the Product Manufacturer shall follow the procedure this Section. Ongoing potency and homogeneity testing pursuant to this section shall be subject to the requirements set forth in this Section.

a. The Department may reduce the frequency of ongoing potency and homogeneity testing required by Products Manufacturer if the Department has reasonable grounds to believe Testing Laboratories have reached maximum capacity to perform testing required by this Section. The Department will provide notification of any reduction to the frequency of ongoing potency and homogeneity testing to the Licensee’s last electronic mailing address provided to the Department.

R. Required Re-Validation - Potency and Homogeneity - Product.

1. If a Product Manufacturer elects to process validate any Product for potency and homogeneity and it makes a Material Change to its production process for that particular type of Product, then the Product Manufacturer must revalidate the production process.

a. It shall be considered a Material Change if the Product Manufacturer begins using new or different equipment for any

material part of the production process.

b. A Product Manufacturer must notify the Testing Laboratory of a Material Change.

c. When a Production Batch is required to be submitted for testing pursuant to this section, the Product Manufacturer that produced it may not Transfer Product from that Production Batch unless or until it obtains a passing test.

2. If a Sample the Department requires to be tested fails potency testing, the Product Manufacturer shall follow the procedures set forth in this section for any Inventory Tracking System package or Production Batch associated with the failed Sample. The Product manufacturer shall also submit three additional Test Batches of the Product for potency testing by a Testing Laboratory within no more than thirty (30) days. If any one of the three submitted Test Batches fails potency testing, the Product Manufacturer shall re-validate its process for potency.

S. Collection of Samples

1. All Samples submitted for testing pursuant to this section must be collected by Department representatives or in accordance with a sampling policy to be made available on the Department’s website within sixty (60) days of the effective date of this Act.

2. The Department may elect, at its sole direction, to assign Department representatives to collect Samples, or may otherwise direct Sample selection, including, but not limited to, through Department designation of a Harvest Batch or Production Batch in the Inventory Tracking System from which a Business shall select Samples for testing. A Business, its Owners and employees shall not attempt to influence the Samples selected by Department personnel. If the Department does not select the Harvest Batch or Production Batch to be tested, a Business must collect and submit Sample(s) that are representative of the Harvest Batch or Production Batch being tested.

3. A Licensee or its agent shall not adulterate or alter, or attempt to adulterate or alter, any Samples of Medical Marijuana, Concentrate, or Product for the purpose of circumventing contaminant testing detection limits or potency testing requirements. The Sample(s) collected and submitted for testing must be representative of the Harvest Batch or Production Batch being tested. A violation of this Paragraph shall be considered a license violation affecting public safety.

T. Minimum Number of Samples Per Test Batch Submission. These sampling provisions shall apply until such time as the Department revises its rules to implement a statistical sampling model. Each Test Batch of Medical Marijuana, Concentrate, or Product submitted for testing must be comprised of a representative selection of Samples. Unless a greater amount is required to comply with this Section, each Test Batch of Medical Marijuana, Concentrate, or Product must be comprised of at least the following number of separately taken Samples, which may be submitted for testing in all required testing categories:

1. Samples for Test Batches of Medical Marijuana.

a. For Harvest Batches weighing up to ten (10) pounds, a minimum of eight (8) separate one half (0.5) gram Samples must be submitted as one (1) Test Batch.

b. For Harvest Batches or Production Batches weighing more than ten (10) pounds but less than twenty (20) pounds, a minimum of twelve (12) separate one half (0.5) gram Samples must be submitted as one (1) Test Batch.

c. For Harvest Batches weighing twenty (20) pounds or more but less than thirty (30) pounds, a minimum of fifteen (15) separate 0.5 gram Samples must be submitted as one (1) Test Batch.

d. For Harvest Batches weighing thirty (30) pounds or more but less than forty (40) pounds, a minimum of eighteen (18) separate 0.5 gram Samples must be submitted as one (1) Test Batch.

e. For Harvest Batches weighing forty (40) pounds or more but less than one hundred (100) pounds, a minimum of twenty three (23) separate 0.5 gram Samples must be submitted as one (1) Test Batch.

f. For Harvest Batches weighing 100 pounds or more, a minimum of twenty nine (29) separate 0.5 gram Samples must be submitted as one (1) Test Batch.

2. Samples for Test Batches of Concentrate.

a. For Production Batches weighing up to one (1) pound, a minimum of eight (8) separate 0.25 gram Samples must be submitted as one (1) Test Batch.

b. For Production Batches weighing more than one (1) pound and less than two (2) pounds, a minimum of twelve (12) separate 0.25 gram Samples must be submitted as one (1) Test Batch.

c. For Production Batches weighing two (2) pounds or more but less than three (3) pounds, a minimum of 15 separate 0.25 gram Samples must be submitted as one (1) Test Batch.

d. For Production Batches weighing three pounds or more but less than four pounds, a minimum of 18 separate 0.25 gram Samples must be submitted as one Test Batch.

e. For Production Batches weighing four pounds or more but less than 10 pounds, a minimum of twenty three (23) separate 0.25 gram Samples must be submitted as one Test Batch.

f. For Production Batches weighing ten (10) pounds or more, a minimum of twenty nine (29) separate 0.25 gram Samples must be submitted as one (1) Test Batch.

3. A Sample of Medical Marijuana Product must be packaged for sale prior to Transfer to a Laboratory. Each such package of Product shall constitute one (1) Sample.

a. For Production Batches of up to one hundred (100) Samples, a minimum of two (2) separate Samples must be

submitted as one (1) Test Batch.

b. For Production Batches of up to five hundred (500) Samples, a minimum of four (4) separate Samples must be submitted as one (1) Test Batch.

c. For Production Batches of up to one thousand (1000) Samples, a minimum of six (6) separate Samples must be submitted as one (1) Test Batch.

d. For Production Batches of up to five thousand (5000) Samples, a minimum of eight (8) separate Samples must be submitted as one (1) Test Batch.

e. For Production Batches of up to ten thousand (10,000) Samples, a minimum of ten (10) Samples must be submitted as one Test Batch.

f. For Production Batches of more than ten thousand (10,000) Samples, a minimum twelve (12) Samples must be submitted as one (1) Test Batch.

U.Unless otherwise restricted or prohibited by this Act, any subsequent rules promulgated hereunder or ordered by the Department, a MMB may select which Laboratory will test a Sample collected pursuant to this section. However, the Department may elect, at is sole discretion, to assign a Laboratory to which a MMB must submit for testing any Sample collected pursuant to this section.

V. The cost for all sampling and tests conducted pursuant to these rules shall be the financial responsibility of the MMB that is required to submit the Sample for testing.

W. Contaminated Product and Failed Test Results.

X. Quarantining of Product.

Y. If the Department has reasonable grounds to believe that a particular Harvest Batch, Production Batch, or Inventory Tracking System package of Medical Marijuana, Concentrate or Product is contaminated or presents a risk to public safety, then the Department may require a Business to quarantine it until the completion of the

Department's investigation, which may include, but is not limited to, the receipt of any test results.

Z. If a Business is notified by any local or state agency, or by a Laboratory, that a Test Batch failed a contaminant or potency test, then the Business shall quarantine any Medical Marijuana, Concentrate, or Product from any Inventory Tracking System package, Harvest Batch or Production Batch associated with that failed Test Batch and must follow the procedures established pursuant to this subsection.

1. Except as provided by this section, Medical Marijuana, Concentrate or Product that has been quarantined pursuant to this section must be physically separated from all other inventory and the Licensee may not Transfer or further process the Medical Marijuana, Concentrate, or Product.

2. In addition to any other method authorized by law, the Department may implement the quarantine through the Inventory Tracking System by (a) indicating failed test results and (b) limiting the Licensee's ability to Transfer the quarantined Medical Marijuana, Concentrate, or Product unless otherwise permitted by this Act.

3. If a Business is notified by the Department or a Laboratory that a Test Batch failed contaminant testing (except microbial testing of Medical Marijuana flower or trim and Pesticide testing), then for each Inventory Tracking System package, Harvest Batch or Production Batch associated with that failed Test Batch the Business must either:

a. Destroy and document the destruction of the Inventory Tracking System package, Harvest Batch or Production Batch pursuant to the Act; or

b. Decontaminate the Inventory Tracking System package, Harvest Batch or Production Batch, if possible, and create two new Test Batches, each containing the requisite number of Samples, and have those Test Batches tested for the required

contaminant test that failed. Unless at least one of the two retests is conducted by the same Laboratory that reported the original failed test result, the two retests must be performed by two different Laboratories. Such testing must comport with the sampling procedures set forth herein.

i. If both new Test Batches pass the required contaminant testing, then the Inventory Tracking System package, Harvest Batch or Production Batch of Medical Marijuana, Concentrate or Medical Marijuana Product associated with each Test Batch may be Transferred or processed into a Concentrate or Product.

ii. If one or both of the Test Batches do not pass contaminant testing, then the Business must destroy and document the destruction of the Inventory Tracking System package, Harvest Batch or Production Batch included in that Test Batch pursuant to the Act.

2. If a Business is notified by the Department or a Laboratory that a Test Batch of Medical Marijuana flower or trim failed microbial testing, then for each Inventory Tracking System package or Harvest Batch associated with that failed Test Batch the Business must either:

a. Destroy and document the destruction of the Inventory Tracking System package or Harvest Batch pursuant to the Act; or

b. Decontaminate the Inventory Tracking System package or Harvest Batch of Medical Marijuana flower or trim, if possible, and create two new Test Batches, each containing the requisite number of Samples, and have those Test Batches tested for the required microbial test that failed. Unless at least one of the two retests is conducted by the same Laboratory that reported the original failed test result, the two retests must be performed by two different Laboratories. Such testing must comport with the sampling procedures under this section.

i. If both Test Batches pass the required microbial testing, then the Inventory Tracking System package or Harvest Batch of Medical Marijuana flower or trim associated with each Test Batch may be Transferred or processed into a Concentrate or Product.

ii. If one or both of the Test Batches do not pass microbial testing, then the Business must either:

(1) destroy and document the destruction of the Inventory Tracking System package or Harvest Batch pursuant to the Act; or

(2) Transfer the Inventory Tracking System package or Harvest Batch for Remediation pursuant to this section.In lieu of decontamination pursuant to this section, the Business may transfer all Inventory Tracking System packages or Harvest Batches associated with that failed Test Batch to a Product Manufacturer for decontamination and/or Remediation by the Products Manufacturer.

iii. Only if the MMBhas not already attempted to decontaminate pursuant to this section, the Product Manufacturer may decontaminate the Inventory Tracking System package or Harvest Batch of Medical Marijuana flower or trim, if possible, and create two new Test Batches, each containing the requisite number of Samples, and have those Test Batches tested for the required microbial test that failed. Unless at least one of the two retests is conducted by the same Laboratory that reported the original failed test result, the two retests must be performed by two different Laboratories. Such testing must comport with the sampling procedures under this section.

(1) If both Test Batches pass the required microbial testing, then the Inventory Tracking System package or Harvest Batch of Medical Marijuana flower or trim associated with each Test Batch may be Transferred or processed into a Concentrate or Product.

(2) If one or both of the Test Batches do not pass microbial testing, then the Business must either: (i) destroy and document the destruction of the Inventory Tracking System package or Harvest Batch pursuant to the Act; or

iv. Attempt Remediation of the Inventory Tracking System package or Harvest Batch for Remediation pursuant to this section.

(1) For Remediation, the Business shall process the Inventory Tracking System package or Harvest Batch of Medical Marijuana flower or trim associated with the failed Test Batch into a Solvent-Based Concentrate. No other Medical Marijuana shall be included in the Solvent-Based Concentrate.

(2) The Solvent-Based Concentrate that was manufactured pursuant to this section shall undergo all required contaminant testing pursuant to this section, potency testing pursuant to this section, and any other testing required or allowed by the the Act or rules promulgated thereto, including but not limited to mycotoxins. Such testing must comport with the sampling procedures hereunder.

(3) If the Solvent-Based Concentrate that was manufactured pursuant to this section fails contaminant testing, the Business shall destroy and document the destruction of the Inventory Tracking System package(s) or Production Batch(es) of Solvent-Based Concentrate pursuant to the Act.

4. If an MMB is notified by the Department or a Laboratory that a Test Batch failed Pesticide testing, then for each Inventory Tracking System package, Harvest Batch, or Production Batch associated with that failed Test Batch the MMB must either:

a. Destroy and document the destruction of the Inventory Tracking System package, Harvest Batch or Production Batch pursuant to the Act; or

b. Request that the Laboratory that reported the original fail conduct two additional analyses of the original Test Batch submitted in accordance with this section.

i. If both retesting analyses pass the required Pesticide testing, then the Inventory Tracking System package, Harvest Batch, or Production Batch of Medical Marijuana, Concentrate, or Medical Marijuana Product may be Transferred or processed into a Concentrate or Product.

ii. If one or both of the retesting analyses do not pass Pesticide testing, then the Business must destroy and document the destruction of the Inventory Tracking System package, Harvest Batch, or Production Batch pursuant to this Act.

5. If an MMB is notified by the Department or a Laboratory that a Test Batch of Product failed potency testing, then for each Inventory Tracking System package or Production Batch associated with that failed Test Batch the Business must either:

a. Destroy and document the destruction of the Inventory Tracking System package or Production Batch pursuant to this Act; or

b. Attempt corrective measures, if possible, and create two new Test Batches each containing the requisite number of Samples, and have those Test Batches tested for the required potency test that failed. Unless at least one of the two retests is conducted by the same Laboratory that reported the original failed test result, the two retests must be performed by two different Laboratories. Such testing must comport with the sampling procedures under this section.

i. If both new Test Batches pass potency testing, then any the Inventory Tracking System package or Production Batch associated with the Test Batch may be Transferred.

ii. If one or both of the Test Batches do not pass potency testing, then the Product Manufacturer must destroy and document the destruction of the Inventory Tracking System package or

Production Batch pursuant to this Act. The Department may require that a Test Batch be submitted to a specific Laboratory for testing to verify compliance, perform investigations, compile data or address a public health and safety concern.

E. Test Batches,

1. A Laboratory must establish a standard minimum weight of Medical Marijuana and Concentrate that must be included in a Test Batch for every type of test that it conducts.

2. A Laboratory must establish a standard number of Samples it requires to be included in each Test Batch of Product for every type of test that it conducts.

3. A Laboratory may not accept a Test Batch that is smaller than its standard minimum amount.

4. A Laboratory may not accept a Test Batch that it knows was not taken in accordance with these rules, except a Laboratory may accept a Test Batch that was collected by Department representatives or that was collected by a Licensee pursuant to Department direction.

F. If Medical Marijuana, Concentrate or Product failed a contaminant test, then the Laboratory must immediately (1) notify the MMBthat submitted the Test Batch or Sample for testing and any Person as directed by an approved Research Project being conducted by a Licensed Research Business; and (2) report the failure in accordance with the Inventory Tracking System reporting requirements.

G. If Medical Marijuana, Concentrate or Product is found to have a contaminant in levels exceeding those established as permissible under this Section, then it shall be considered to have failed contaminant testing. Notwithstanding the permissible levels established in this rule, the Department reserves the right to determine, upon good cause and reasonable grounds, that a particular Test Batch presents a risk to the public health or safety and therefore shall be considered to have failed a contaminant test.

H. The following charts set forth the microbial substances, mycotoxins, residual substances, metals, pesticides, and other substances to be tested for, acceptable limits per gram and the products required for testing:

1. Microbial Substances:

Substance	**Acceptable Limits Per Gram**	**Product to be Tested**
-Shiga-toxin producing Escherichia coli (STEC)* - Bacteria	< 1 Colony Forming Unit (CFU)	Flower; Medical Marijuana Infused-Product; Water-Based, Heat/Pressure Based, and Food- Based Medical Marijuana Concentrate
Salmonella species* - Bacteria	< 1 Colony Forming Unit (CFU)	
Total Yeast and Mold	< 104 colony Forming Unit (CFU)	

*The Laboratory shall contact the Oklahoma Department of Health when STEC and Salmonella are detected beyond the acceptable limits.

2. Mycotoxins

Substance	**Acceptable Limits Per Gram**	**Product to be Tested**
Aflatoxins (B1, B2, G1, and G2)	< 20 parts per billion (PPB) (total of B1+B2+G1+G2)	Solvent-Based Medical Marijuana Concentrate manufactured from Medicinal flower or trim that failed microbial testing

Ochratoxin A	< 20 parts per billion (PPB)	Solvent-Based Medical Marijuana Concentrate manufactured from Medicinal flower or trim that failed microbial testing

3. Residual Solvents

Substance	**Acceptable Limits Per Gram**	**Product to be Tested**
Acetone	< 1000 Parts Per Million (PPM)	Solvent-Based Medical Marijuana Concentrate
Butanes	< 1000 Parts Per Million (PPM)	Solvent-Based Medical Marijuana Concentrate
Ethanol**	< 1000 Parts Per Million (PPM)	Solvent-Based Medical Marijuana Concentrate
Heptanes	< 1000 Parts Per Million (PPM)	Solvent-Based Medical Marijuana Concentrate
Isopropyl Alcohol	< 1000 Parts Per Million (PPM)	Solvent-Based Medical Marijuana Concentrate
Propane	< 1000 Parts Per Million (PPM)	Solvent-Based Medical Marijuana Concentrate
Benzene**	< 2 Parts Per Million (PPM)	Solvent-Based Medical Marijuana Concentrate
Toluene**	< 180 Parts Per Million (PPM)	Solvent-Based Medical Marijuana Concentrate
Pentane	< 1000 Parts Per Million (PPM)	Solvent-Based Medical Marijuana

		Concentrate
Hexane**	< 60 Parts Per Million (PPM)	Solvent-Based Medical Marijuana Concentrate
Total Xylenes (m.p. o-xylenes)**	<430 Parts Per Million (PPM)	Solvent-Based Medical Marijuana Concentrate
Any other solvent not permitted for use	None Detected	

*Note: These solvents are not approved for use. Due to their possible presence in the solvents approved for use, limits have been listed here accordingly.

***If the Medical Marijuana Concentrate or Medical Marijuana Product intended use is oral consumption or skin and body products only this Solvent-Based Medical marijuana Concentrate limit for ethanol does not apply. If the Concentrate or Product Intended use includes inhaled product, this Solvent-Based Medical Marijuana Concentrate limit for ethanol applies

4. Metals

Substance	**Acceptable Limits Per Gram**	**Product to be Tested**
Metals (Arsenic, Cadmium, Lead and Mercury)	Lead - Max Limit: 1.0ppm Arsenic- Max Limit <0.4ppm Cadmium-MaxLimit <0.4ppm Mercury - Max Limit <0.2ppm	<Flower; Water-Based, Food-Based, Heat/Pressure-Based, and Solvent-Based Medical Marijuana Concentrate

5. Pesticides

Substance	**Detection Limits**	**Product to be Tested**
Abamectin (Avermectins: B1a&B1b)	<0.07 PPM	
Azoxystrobin	< 0.02 PPM	
Bifenazate	< 0.02 PPM	
Etoxazole	< 0.01 PPM	
Imazalil	< 0.04 PPM	
Imidacloprid	< 0.02 PPM	
Malathion	< 0.05 PPM	
Myclobutanil	< 0.04 PPM	
Permethrin (mix of isomers)	< 0.04 PPM	Medical Marijuana Flower & Trim
Spinosad (Mixture of A and D)	< 0.06 PPM	
Spriomesifen	< 0.03 PPM	
Spirotetramat	< 0.02 PPM	
Tebuconazole	< 0.01 PPM	

6. Other Contaminants

Pesticide	If the Test Batch is found to contain a prohibited Pesticide not listed in Paragraph 5 above, or the improper application of a permitted Pesticide, then that Test Batch shall be considered to have failed contaminant testing.
Chemicals	If Test Batch is found to contain levels of any chemicals that could be toxic if consumed or as applied, then the Department may determine that the Test Batch has failed contaminant testing.
Microbials	If Test Batch is found to contain levels of any microbial that could be toxic if consumed or present, then the Department may determine that the Test Batch has failed contaminant testing

A Laboratory must notify the Department by timely input in the Inventory Tracking System if a Test Batch is found to contain levels of a contaminant not listed within this section that could be injurious to human health if consumed.

I. Potency Testing

1. A Laboratory may test and report results for any Cannabinoid provided the test is conducted in accordance with the Department's Laboratory's standard operating procedures Certification Policy Statement.

2. Reporting of Results

a. For potency tests on Medical Marijuana and Concentrate, results must be reported by listing a single percentage concentration for each Cannabinoid that represents an average of all Samples within the Test Batch. This includes reporting of Total THC in addition to each Cannabinoid.

b. For potency tests conducted on Medical Marijuana Product, results must be reported by listing the total number of milligrams contained within a single Product unit for sale for each Cannabinoid and stating whether the THC content is homogenous.

3. All potency tests must occur at the time the Medical Marijuana, Concentrate or Product has completed all steps required prior to Transfer to another Business as outlined in the Laboratory standard operating procedures.

4. Failed Potency Tests for Medical Marijuana Product

a. If the THC content of a Medical Marijuana Product is determined through testing not to be homogenous, then it shall be considered to have failed potency testing. A Medical Marijuana Product shall be considered not to be homogenous if 10% of the infused portion of the Product contains more than 20% of the

total THC contained within entire Medical Marijuana Product.

b. If an individually packaged Edible Medical Marijuana Product is determined to have more than the total milligrams of THC stated on the Container, or less than the total milligrams of THC stated on the Container, then the Test Batch shall be considered to have failed potency testing. Except that the potency variance provided for in this section shall apply to potency testing.

5. A potency variance of no more than plus or minus 15% is allowed.

SECTION 41. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8041 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. An Oklahoma MMB shall not sell, transfer or otherwise distribute medical marijuana or product that have not been packaged and labeled in accordance with this section.

B. Usable marijuana received or sold by a dispensary shall meet the labeling requirements in these section.

C. A dispensary must return usable marijuana that does not meet labeling requirements in this section to the entity who transferred it to the dispensary and 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.

D. 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.

E. The medical marijuana trade name of the medical marijuana producer is subject to approval by the Department and shall comply with the following standards:

1. Names are limited to those which clearly reflect the

nature of the product;

2. Any name that is identical to, or confusingly similar to, the name of an existing non-marijuana product shall be prohibited;

3. Any name that is identical to, or confusingly similar to, the name of an unlawful product or substance shall be prohibited; and

4. All Licensees are required to package and label all Medical Marijuana, Concentrate, and Product according to the Packaging, Labeling, and Product Safety standards set forth in this section and any rules promulgated thereunder.

5. This subsection establishes minimum requirements for packaging and labeling Medical Marijuana, Concentrate, and Product prior to Transfer to an MMB. The labeling requirements in this subsection apply to all Containers immediately containing Medical Marijuana, Concentrate, and Product.

F. An MMB shall comply with the following minimum packaging and labeling requirements prior to Transferring Medical Marijuana flower and trim or Concentrate to another MMB:

1. Packaging of Medical Marijuana Flower and Trim and Concentrate.

a. Prior to Transfer to an MMB, Medical Marijuana flower and trim or Concentrate shall be placed into a Container. The Container may but is not required to be Child-Resistant.

b. Each Container of Medical Marijuana flower or trim that is Transferred to an MMB shall not exceed ten (10) pounds of Medical Marijuana flower or trim, but may include pre-weighed units that are within the sales limit set forth in this Act.

c. Each Container of Concentrate that is Transferred to an MMB shall not exceed ten (10) pounds of Concentrate, but may include pre-weighed units.

d. Prior to Transfer to an MMB, every Container of Medical Marijuana flower and trim or Concentrate shall be affixed with a label that includes at least the following information:

e. The license number of the Cultivation Facility where the Medical Marijuana was grown;

f. The Harvest Batch Number(s) assigned to the Medical Marijuana or the Production Batch Number(s) assigned to the Concentrate;

g. If applicable, the license number of the Cultivation Facility that produced the Water-Based Concentrate;

h. If applicable, the license number of the Product Manufacturer where the Medical Marijuana Concentrate was produced;

i. The net contents, using a standard of measure compatible with the Inventory Tracking System, of the Medical Marijuana or Concentrate prior to its placement in the Container;

j. Potency test results as required to permit the receiving MMB to label the Medical Marijuana or Concentrate as required by this section and rules promulgated thereunder; and

k. A complete list of all non-organic Pesticides, herbicides, and fertilizers that were used in the cultivation and production of the Medical Marijuana or Concentrate.

2. A Business shall comply with the following minimum packaging and labeling requirements prior to Transferring Product to another MMB:

a. Prior to Transfer to an MMB other than a Dispensary, Product shall be placed into a Container. The Container may but is not required to be Child-Resistant.

b. Prior to Transfer to a Dispensary, all Product shall be packaged in a Child- Resistant Container that is ready for sale to the patient as required by this Act.

c. Prior to Transfer to an MMB other than a

Dispensary, every Container of Product shall be affixed with a label that includes at least the following information:

(1). The license number of the Cultivation Facility where the Medical Marijuana was cultivated;

(2). The license number of the Medical Marijuana Product Manufacturer that produced the Product;

(3). The Production Batch Number assigned to the Product;

(4). The net contents, using a standard of measure compatible with the Inventory Tracking System, of the Product prior to its placement in the Container;

(5). Potency test results, as required to permit the receiving MMB to label the Product as required by this act and rules promulgated thereunder; and

(6). A complete list of all non organic Pesticides, herbicides, and fertilizers that were used in the cultivation and production of the Product.

i. Prior to Transfer to a Dispensary, every Container of Product shall be affixed with a label ready for sale to the patient including all information required by Rules M 1002-1(D)(2) and 1003-1(B).

3. An MMB shall comply with the following minimum packaging and labeling requirements prior to Transferring Medical Marijuana seeds or Immature plants to another MMB:

a. Packaging of Medical Marijuana Seeds.

i. Prior to Transfer to a Business, Medical Marijuana seeds shall be placed into a Container. The Container may but is not required to be Child- Resistant.

ii. Each Container of Medical Marijuana seeds that is Transferred to a MMB shall not exceed Ten (10) pounds of Medical Marijuana seeds.

b. Prior to Transfer to an MMB, Immature plants shall be placed into a receptacle. The receptacle may, but is not required to, be Child- Resistant.

c. Prior to Transfer to an MMB, every Container of Medical Marijuana seeds and all receptacles holding an Immature plant shall be affixed with a label that includes at least the license number of the Cultivation Facility where the Medical Marijuana that produced the seeds or the Immature plant was grown.

4. An MMB shall not Transfer to a Dispensary, and a Dispensary shall not accept nor offer for sale, any Medical Marijuana, Concentrate, or Product that is not packaged and labeled in conformance with the requirements of this section or rules promulgated thereunder, or that does not provide all information necessary to permit the Dispensary to package and label the Medical Marijuana, Concentrate, or Product prior to Transfer to a patient. However, a Dispensary is not required to open any tamper evident Marketing Layer received from a Cultivation Facility or a Product Manufacturer to verify the Container is Child-Resistant or labeled.

5. Licensees may transfer multiple containers of Medical Marijuana, Concentrate, and Product to an MMB in a shipping container.

a. Licensees shall ensure that either the multiple containers placed within a shipping container each have an RFID tag, or the shipping container itself must have an RFID tag. If the Licensee elects to place the RFID tag on the Shipping Container, the Shipping Container shall contain only one Harvest Batch of Medical Marijuana, one Production Batch of Concentrate, or one Production Batch of Product. If a Shipping Container consists of more than one Harvest Batch or Production Batch, then each group of multiple Containers shall be affixed with an RFID tag.

b. Any Shipping Container that will not be displayed to the patient is not required to be labeled according to

these rules.

6. The packaging and labeling requirements in this section also apply to any Transfer of Medical Marijuana, Concentrate, or Product to a Medical Research Laboratory, a Pesticide Manufacturer, or a Licensed Research Business.

7. Any Licensed Research Business conducting research as part of an approved Research Project involving human subjects shall comply with all packaging and labeling requirements that are applicable to a Dispensary prior to Transfer to a patient, unless the Licensed Research Business requests and receives in advance a waiver of specific packaging or labeling requirements in connection with the approved Research Project.

8. A Dispensary shall not Transfer any Medical Marijuana, Concentrate, or Product to a Medical Research Laboratory, a Pesticide Manufacturer, or a Licensed Research Business.

9. A violation of any rule in this M 1000-1 Series may be considered a license violation affecting public safety.

C. This subsection establishes general requirements for packaging and labeling Medical Marijuana, Concentrate, and Product prior to Transfer to a patient. The labeling requirements in this subsection apply to all Containers immediately containing Medical Marijuana, Concentrate, and Product. The labeling requirements based on intended use in subsection A of this Section are in addition to, not in lieu of, the requirements in this subsection.

1. Labeling Requirements – All Medical Marijuana, Concentrate and Product.

a. Labeling text on the Container and any Marketing Layer must be no smaller than 1/16 of an inch.

2. An MMB shall not place any content on a Container or the Marketing Layer 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. Label(s) on a Container and any Marketing Layer shall not include any false or misleading statements.

4. No Container or Marketing Layer shall be intentionally or knowingly labeled so as to cause a reasonable patient confusion as to whether the Medical Marijuana, Concentrate, or Product is a trademarked product or labeled in a manner that violates any federal trademark law or regulation.

5. The label(s) on the Container and any Marketing Layer shall not make any claims regarding health or physical benefits to the patient.

6. Labeling text on the Container and any Marketing Layer must be clearly written or printed and in the English language. In addition to the required English label, Licensees may include an additional, accurate foreign language translation on the label that otherwise complies with these rules.

7. Labeling text on the Container and any Marketing Layer must be unobstructed and conspicuous. A Licensee may affix multiple labels to the Container, provided that none of the information required by these rules is obstructed. For example, and not by means of limitation, labels may be accordion, expandable, extendable, or layered to permit labeling of small Containers.

8. Use of the Word “Candy” and/or “Candies” Prohibited.

a. Licensees shall not use the word(s) “candy” and/or “candies” on the label of any Container holding Medical Marijuana, Concentrate, or Product, or of any Marketing Layer.

b. Notwithstanding the requirements of this subparagraph, an MMB whose Identity Statement contains the word(s) “candy” and/or “candies” may place its Identity Statement on the label of the Container holding Medical Marijuana, Concentrate, and/or Product, or of any Marketing Layer.

9. A Licensee shall maintain a copy of the certificate

showing that each Child-Resistant Container into which the Licensee places Medical Marijuana, Concentrate, or Product is Child-Resistant and complies with the requirements of 16 C.F.R. 1700.15 (1995) and 16 C.F.R. 1700.20 (1995) in accordance with the requirements of Act.

10. The Container and any Marketing Layer shall have a label with all information required by this section. Any intermediary packaging between the Container and the Marketing Layer is not required to be labeled in accordance with this section or rules promulgated thereunder.

11. Exit Packages.

a. A Dispensary may, but is not required to, place a Child-Resistant Container into an Opaque Exit Package at the point of Transfer to the patient.

b. Any Medical Marijuana flower, trim, or seeds in a Container that is not Child-Resistant shall be placed into a Child-Resistant Exit Package at the point of Transfer to a patient. The Exit Package is not required to be labeled but may include the Dispensary Identity Statement and/or Standardized Graphic Symbol.

12. A Dispensary shall comply with the following minimum packaging and labeling requirements prior to Transferring Medical Marijuana flower and trim or Concentrate to a patient:

a. Prior to Transfer to a patient, Medical Marijuana flower and trim shall be in a Container that does not exceed the sales limit in this Act. The Container may but is not required to be Child-Resistant. Any Medical Marijuana flower and trim in a Container that is not Child-Resistant shall be placed into a Child-Resistant Exit Package at the point of Transfer to a patient.

b. Prior to Transfer to a patient, Concentrate shall be in a Child-Resistant Container. A sealed vaporizer cartridge or disposable vaporizer pen need not itself be Child-Resistant but must be placed into a Child-Resistant Container prior to Transfer to a patient.

c. Prior to Transfer to a patient, every Container of Medical Marijuana flower and trim or Concentrate, and any Marketing Layer shall be affixed with a label that includes at least the following information:

The license number for each of the following:

(1) The Cultivation Facility where the Medical Marijuana was grown;

(2) If applicable, the Cultivation Facility where the Water-Based Concentrate was produced;

(3) If applicable, the Product Manufacturer where the Concentrate was produced; and

(4) The Dispensary that sold the Medical Marijuana or Concentrate to the patient, except the Dispensary may affix its license number to the Container or Marketing Layer.

(5) The Harvest Batch Number(s) assigned to the Medical Marijuana or the Production Batch Number(s) assigned to the Concentrate.

(6) The statement of net contents must identify the net weight of the Medical Marijuana or net weight or volume of Concentrate prior to its placement in the Container, using a standard of measure compatible with the Inventory Tracking System.

(7) The Universal Symbol on the front of the Container and any Marketing Layer, no smaller than 1⁄2 of an inch by 1⁄2 of an inch, with the following statement directly below the Universal Symbol: “Contains Marijuana. Keep away from children.”

D. The potency of the Medical Marijuana’s or Concentrate’s Total THC and CBD expressed as a percentage, which shall be displayed either:

(1) In a font that is bold, and enclosed within an outlined shape such as a circle or square; or

(2) Highlighted with a bright color such as yellow.

1. The Dispensary shall affix the date of sale to the Container or Marketing layer at the point of Transfer to the patient.

2. The Dispensary shall affix the patient's registration number to the Container or Marketing Layer at the time of Transfer to the patient.

3. A list of any solvent(s) used to produce any Solvent-Based Concentrate.

4. A complete list of all non organic Pesticides, herbicides and fertilizers that were used in the cultivation and production of the Medical Marijuana or Concentrate.

5. If applicable, a list of all ingredients used to manufacture the Concentrate including identification of any major allergens contained in the Concentrate in accordance with the Food Allergen Labeling and Patient Protection Act of 2004, 21 U.S.C. § 343 (2010). The Food Allergen Labeling and Patient Protection Act of 2004, 21 U.S.C. § 343 (2010) requires disclosure of the following major food allergens: milk, eggs, fish, crustacean shellfish, tree nuts, peanuts, wheat, and soybeans.

6. Either the label affixed to the Container or the Marketing Layer shall include the following information:

a. "This product was produced without regulatory oversight for health, safety, or efficacy."

b. Testing statement identifying whether or not the product has been tested as follow

c. If the product has been tested: "This product complies with testing requirements."; or

d. If the product has not been tested, "This product has not been tested."

e. "There may be long term physical or mental health risks from use of marijuana including additional risks for women who are or may become pregnant or are breastfeeding. Use of

marijuana may impair your ability to drive a car or operate machinery.

E. A Product Manufacturer and a Dispensary shall comply with the following minimum packaging and labeling requirements prior to Transferring Product:

1. Every Product shall be in a Child-Resistant Container at the time of Transfer to a Dispensary in accordance with the following packaging limits:

a. Every Product that is not Edible Product shall be placed into a Child-Resistant Container. A sealed vaporizer cartridge or disposable vaporizer pen need not itself be Child-Resistant but must be placed into a Child-Resistant Container prior to Transfer to a patient.

b. Every Edible Product shall be in a Child-Resistant Container. If the Edible Product contains multiple portions then it shall be placed into a Child-Resistant Container that is Resealable.

2. Prior to Transfer to a Dispensary and a patient, every Container of Product and any Marketing Layer shall be affixed with a label that includes at least the following information:

a. The license number for each of the following: The Cultivation Facility where the Medical Marijuana was grown; The Product Manufacturer where the Product was produced; and The Dispensary that sold the Medical Marijuana Product to the patient, except the Dispensary may affix its license number to the Container or Marketing Layer.

b. The Production Batch Number(s) assigned to the Product.

c. The statement of net contents must identify the net weight, volume, or number of Product prior to its placement in the Container, using a standard of measure compatible with

the Inventory Tracking System.

d. The Universal Symbol on the front of the Container and any Marketing Layer, no smaller than 1⁄2 of an inch by 1⁄2 of an inch, with the following statement directly below the Universal Symbol: "Contains Marijuana. Keep away from children."

e. A list of all ingredients used to manufacture the Product including identification of any major allergens contained in the Product in accordance with the Food Allergen Labeling and Patient Protection Act of 2004, 21 U.S.C. § 343 (2010). The Food Allergen Labeling and Patient Protection Act of 2004, 21 U.S.C. § 343 (2010) requires disclosure of the following major food allergens: milk, eggs, fish, crustacean shellfish, tree nuts, peanuts, wheat, and soybeans.

f. The potency of the Product's active THC and CBD expressed in milligrams, which shall be displayed either:

g. In a font that is bold, and enclosed within an outlined shape such as a circle or square; or Highlighted with a bright color such as yellow.

h. The Dispensary shall affix the date of sale to the Container or Marketing layer at the point of Transfer to the patient.

d. The Dispensary shall affix the patient's registration number to the Container or Marketing Layer at the time of Transfer to the patient.

e. A list of any solvent(s) used to produce any Solvent-Based Concentrate that is included as a production input in the Product.

f. A complete list of all non organic Pesticides, herbicides and fertilizers that were used in the cultivation and production of the Product.

D. Prior to Transfer to a patient, with the exception of

seeds and immature plants, every Container of Medical Marijuana, Concentrate, or Infused Product and any Marketing Layer must have a label that includes at least the following additional information.

1. The Container and any Marketing Layer shall identify one or more intended use for Medical Marijuana, Concentrate, and Product from the following exclusive list:

a. Inhaled Product:

Flower or Trim (including pre-rolled joint and kief);Solvent-Based Concentrate; Water-Based Concentrate; Heat/Pressure-Based Concentrate;Vaporizer cartridge/vaporizer pen.

b. For Oral Consumption (Edible Product):

Food or drink with Medical Marijuana; Concentrate; Pills and capsules; Tinctures.

c. Skin and Body Products:

Topical; Suppository; Transdermal.

2. Inhaled Product. The label(s) on all inhaled product intended use shall also include:

a. The potency statement required herein for: (1) flower (including pre- rolls and kief), (2) Solvent-Based Concentrate, (3) Water- Based Concentrate, (4) Heat/Pressure-Based Concentrate shall be stated as the percentage of Total THC and CBD.

b. The potency statement required by herein for vaporizer cartridges and disposable vaporizer pens shall be stated as either the percentage of Total THC and CBD, or the number of milligrams of Total THC and CBD, per cartridge or pen.

3. The label(s) on all Edible Products, including but not limited to confections, liquids, foods, pills, capsules, and tinctures, shall also include:

a. The potency statement required herein shall be stated as: (1) milligrams of active THC and CBD per serving, and (2)

milligrams of active THC and CBD per Container where the Container contains more than one serving.

b. The following additional warning statement shall be included on the label on the Container or Marketing Layer for all Edible Product: "The intoxicating effects of this product may be delayed by up to Four (4) hours."

c. A product expiration date, upon which the Edible Product will no longer be fit for consumption, or a use-by-date, upon which the Edible Product will no longer be optimally fresh. Once a label with an expiration or use-by date has been affixed to a Container containing an Edible Product and any Marketing Layer, a Licensee shall not alter that expiration or use-by date, or affix a new label with a later expiration or use-by date.

d. The date on which the Edible Product was produced which may be included in the Batch Number required herein.

e. If an Edible Product is perishable, a statement that the product must be refrigerated.

4. Skin and Body Products (Topical, Suppositories and Transdermal). The label(s) on all skin and body products shall also include:

a. For topical product the potency statement required herein shall be stated as the number of milligrams of active THC and CBD per Container.

b. Suppository and Transdermal Product Potency Statement. For suppository and transdermal product, the potency statement required herein shall be stated as the number of milligrams of active THC and CBD per suppository or transdermal, and the total number of milligrams of active THC and CBD per Container.

c. A product expiration or use-by date, after which the skin and body product will no longer be fit for use. Once a label with an expiration or use-by date has been affixed to any

Container holding a skin and body product and any Marketing Layer, a Licensee shall not alter that expiration or use-by date or affix a new label with a later expiration or use-by date.

d. The date on which the skin and body product was produced which may be included in the Batch Number required herein.

5. No intended use other than those identified in this section shall be identified on any label. Licensees shall accurately identify all intended use(s) from the exclusive list of intended uses in this subsection on the label.

6. Any Medical Marijuana, Concentrate, or Product having more than one intended use shall identify every intended use on the label and shall comply with all labeling requirements for each intended use. If there is any conflict between the labeling requirements for multiple intended uses, the most restrictive labeling requirements shall be followed. Licensees shall not counsel or advise any patient to use Medical Marijuana, Concentrate, or Product other than in accordance with the intended use(s) identified on the label.

E. An MMB shall comply with the following minimum packaging and labeling requirements prior to Transferring seeds or Immature plants to a patient:

1. Prior to Transfer to a patient, seeds shall be in a Container. The Container may but is not required to be Child-Resistant. Any seeds in a Container that is not Child-Resistant shall be placed into a Child-Resistant Exit Package at the point of Transfer to a patient.

2. Prior to Transfer to a patient, Immature plants shall be placed into a receptacle. The receptacle may but is not required to be Child-Resistant.

3. Prior to Transfer to a patient, every Container holding seeds and any receptacle containing an Immature plant must be affixed with a label that includes at least the following

information:

a. The license number for each of the following:

i. The Cultivation Facility where the Medical Marijuana that produced the seeds or the Immature plant was grown; and

ii. The Business that sold the seeds or Immature plant to the patient.

b. The Universal Symbol on the front of the Container holding seeds and the receptacle containing each Immature plant, no smaller than 1⁄2 of an inch by 1⁄2 of an inch, with the following statement directly below the Universal Symbol: "Contains Marijuana. Keep away from children."

c. A statement of net contents identifying the number of seeds in the Container.

d. The MMB shall affix the date of sale to the Container or receptacle at the point of Transfer to the patient.

e. The MMB shall affix the patient's registration number to the Container or receptacle at the time of Transfer to the patient.

f. A complete list of all non organic Pesticides, herbicides, and fertilizers that were used in the cultivation and production of the Medical Marijuana.

F. Permissive Information.

1. A label affixed to a Container of Medical Marijuana, Concentrate, and Product, or any Marketing Layer may include, but is not required to include, the Identity Statement and/or Standardized Graphic Symbol for:

a. The Cultivation Facility where the Medical Marijuana was grown;

b. The Product Manufacturer that manufactured the Product or Concentrate; and/or

c. The Center that sold the Medical Marijuana, Concentrate, or Product.

2. Label(s) may include, but are not required to include, a nutritional fact panel or dietary supplement fact panel in substantial conformance with 21 CFR 101.9 (2016) or 21 C.F.R. 101.36 (2016) as follows:

a. For Edible Products other than pills, capsules, and tinctures and Food-Based Concentrate, the nutritional fact panel shall be in substantial conformance with the requirements of 21 C.F.R. 101.9(C) (2016) which provides the FDA's nutritional labeling requirements for food;

b. For pills, capsules, and tinctures, the dietary supplement fact panel shall be in substantial conformance with the requirements of 21 C.F.R. 101.36 (2016) which provides the FDA's nutritional labeling requirements for dietary supplements.

G. The labeling requirements in this subsection provide only the minimum labeling requirements. Licensees may include additional information on the label(s) so long as such information is consistent with the requirements of this Act and rules promulgated thereunder.

SECTION 42. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8042 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created an MMB Operator license.

B. The Department shall receive and review applications for an MMB Operator license.

C. An MMB Operator license may be issued to an entity or person who operators an MMB licensed pursuant to this act for an owner licensed pursuant to this Act and who may receive a portion of the profits as compensation.

D. The Department shall issue an MMB Operator license to qualifying applicants who meet the minimum requirements set forth in

this Act and comply with all provisions herein and rules promulgated thereunder.

E. There shall be a license fee in the amount of one hundred dollars ($100.00) for an MMB Operator License.

SECTION 43. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8043 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. There is hereby created a Medical Marijuana Research License.

B. A Research License may be issued to a person to possess or cultivate marijuana for the limited research purposes identified in this section.

C. A 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.

D. A license identified in paragraph B of this section 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.

E. As part of the application process for marijuana research and development license or 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 state licensing authority shall grant the application if it determines that the application meets the criteria in Paragraph D of this section.

1. If the research will be conducted with a public institution or public money, the Department shall review an applicant's research project to determine if it meets the requirements of Paragraph D of this section and to assess the following:

a. The project's quality, study design, value, or impact;

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 project's scope and goals.

d. If the Department determines that the research project does not meet the requirements of Paragraph D of this Section or assesses the criteria to be inadequate, the application must be denied.

F. A Research licensee may only transfer, by sale or donation, marijuana grown within its operation to other marijuana research and development licensees or marijuana research and development cultivation licensees. The Department may revoke a marijuana research and development cultivation license for violations of this subsection and any other violation of the Act.

G. A Research licensee or marijuana research and development cultivation licensee may contract to perform research in conjunction with a public higher education research institution or another research license or marijuana research and development cultivation

licensee.

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

I. If the research conducted includes a public institution or public money, the Department shall review any reports made by Research licensees and marijuana research and envelopment cultivation 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 44. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8044 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 ("Education License").

B. An Education License may be issued to a person to possess or cultivate marijuana for the limited education and research purposes identified in this section.

C. An Education License may only be granted to a not-for-profit organization structured under sections 501(c)(3)&(6), operating as an Oklahoma not-for-profit registered organization with the Secretary of State's office.

D. An Education 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 education and research purposes identified in this section.

E. A license identified in paragraph B of this section 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 to scholars, members of the industry and the general public;

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 marijuana education 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 state licensing authority shall grant the application if it determines that the application meets the criteria in Paragraph D of this section.

1. If the research will be conducted with a public institution or public money, the Department shall review an applicant’s research project to determine if it meets the requirements of Paragraph D of this section and to assess the following:

a. The project’s quality, study design, value, or impact;

b. 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 project's scope and goals.

d. If the Department determines that the education project does not meet the requirements of Paragraph D of this Section or assesses the criteria to be inadequate, the application must be denied.

G. An education licensee may only transfer, by sale or donation, marijuana grown within its operation to marijuana research licensees. The Department may revoke a marijuana education license for violations of this subsection and any other violation of the Act.

H. An education licensee may contract to perform research in conjunction with a public higher education research institution or another research license.

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

SECTION 45. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8045 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. The Department is hereby granted the authority to establish Occupational Licenses and a reasonable fee schedule for MMB personnel.

B. For the purpose of regulating the cultivation,

manufacture, distribution, and sale of medical marijuana, the Department may issue and grant an Occupational license and registration for owners, managers, operators, employees, contractors, and other support staff employed by, 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 registration as it may with respect to any MMB license, in accordance with the procedures established pursuant to this Act.

1. Any person who possesses, cultivates, manufactures, tests, dispenses, sells, serves, transports or delivers Medical Marijuana or Product as permitted by privileges granted under an MMB license must have a valid Occupational License.

2. Any person who has the authority to access or input data into the Inventory Tracking System or an MMB point of sale system must have a valid Occupational License.

3. Any person within a Restricted Access Area or Limited Access Area that does not have a valid Occupational License shall be considered a visitor and must be escorted at all times by a person who holds a valid Associated Key License or other Occupational License. Failure by an MMB 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 the public safety. Nothing in this provision alters or eliminates an MMB’s obligation to comply with the Occupational License requirements. Trade craftspeople not normally engaged in the business of cultivating, processing, or selling Medical Marijuana do not need to be accompanied at all times, and instead only reasonably monitored.

C. Any person required to be licensed pursuant to these rules shall obtain all required approvals and obtain a Department issued identification badge before commencing activities permitted by his or her Occupational License.

D. Within sixty (60) days of passage of this Act, the Department shall prepare an application form for an Occupational License and Associated Key License.

E. The Department and Department shall work with OMES to create a form on it's website for applicants to find and submit the Occupational and Associated Key Licenses.

F. The Department shall promulgate rules and procedures as they relate to said Occupational Licenses, the application process and the associated fees.

G. All application forms supplied by the Department and filed by an Applicant for licensure shall be accessible by the Department, local licensing authorities, and any state or local law enforcement agent.

H. Associated Key Licenses. Each Direct Beneficial Interest Owner who is a natural person, including but not limited to each officer, director, member or partner of a Closely Held Business Entity, must apply for and hold at all times a valid Associated Key License. Except that these criteria shall not apply to Qualified Limited Passive Investors, who are not required to hold Associated Key Licenses. Each such Direct Beneficial Interest Owner must establish that he or she meets the following criteria before receiving an Associated Key License:

1. The Applicant has paid the annual application and licensing fees;

2. The Applicant is at least 21 years of age;

3. The Applicant has paid all taxes, interest, or penalties due the State relating to an MMB, if applicable;

4. The Applicant is not currently subject to and has not discharged a sentence for a conviction of a nonviolent felony in the two (2) years immediately preceding his or her application date, or any other felony in the five (5) years preceding;

5. The Applicant meets qualifications for licensure that directly and demonstrably relate to the operation of an MMB.

6. The Applicant does not employ another person who does not have a valid Occupational License issued pursuant to this Act;

7. The Applicant is not a sheriff, deputy sheriff, police officer, or prosecuting officer, or an officer or employee of the Department or a local licensing authority;

8. The Applicant has not been a Department employee with regulatory oversight responsibilities for individuals, MMB licensed by the Department in the six months immediately preceding the date of the Applicant's application;

9. The Applicant either:

a. Has been a resident of Oklahoma for at least two years prior to the date of the application; or

b. Has been a United States citizen since a date prior to the date of the application and has received a Finding of Suitability, as defined more fully herein, from the Department prior to filing the application.

10. For Associated Key Licensees who are owners of a Closely Held Business Entity, the Applicant is a United States citizen.

I. An Occupational License Applicant who is not applying for an Associated Key License must 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 21 years of age;

3. An Applicant is currently a resident of the State of Oklahoma;

4. The Applicant has paid all taxes, interest, or penalties due the State relating to an MMB;

5. The Applicant has not been convicted a nonviolent felony in the two (2) years and any other felony in the five (5) years immediately preceding his or her application date;

6. The Applicant is not currently serving a sentence or finishing the term of any probation for a conviction pursuant to this Act;

7. The Applicant meets qualifications for licensure that directly and demonstrably relate to the operation of an MMB;

8. The Applicant is not a sheriff, deputy sheriff, police officer, or prosecuting officer, or an officer or employee of the Department or a local licensing authority; and

9. The Applicant has not been a Department employee with regulatory oversight responsibilities for occupational licensees, MMB licensed by the Department in the six months immediately preceding the date of the Applicant's application.

J. Current Medical Marijuana Occupational Licensees.

1. Associated Key License Privileges. A person who holds an Associated Key License must associate that license separately with each MMB with which the person is associated by submitting a form approved by the Department. A person who holds an Associated Key License may exercise the privileges of a licensed employee in any licensed MMB in which they are not an owner so long as the person does not exercise privileges of ownership.

K. Individual Application and License Fees

1. Direct Beneficial Interest Owner Fees

a. Oklahoma Resident Associated Key License

i. Application Fee - $725.00

ii. License Fee - $75.00

b. Non-Resident Associated Key License

i. Application Fee upon request for finding of suitability - $2,500.00

ii. License Fee following a finding of suitability - $75.00

2. Occupational Key License

a. Application Fee - $225.00

b. License Fee - $25.00

3. Occupational Support License

a. Application Fee - $50.00

b. License Fee - $25.00

L. Application and License fees are due at the time Applicant submits an application, except for the Non-Resident Associated Key License fee following a finding of suitability. The Non-Resident Associated Key License fee following a finding of suitability is due after an Applicant has been informed by the Department of a finding of suitability and prior to issuance of the Non-Resident Associated Key License.

M. Individual Renewal Fees

1. Associated Key Renewal Fee - $500.00

2. Other Occupational Renewal Fee - $75.00

N. Renewal fees are due at the time an Applicant submits an application for renewal.

SECTION 46. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8046 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. An MMB shall not engage in Advertising that is deceptive, false, or misleading. A MMB shall not make any deceptive, false, or misleading assertions or statements on any product, any sign, or any document provided to a consumer.

B. The term "minor" as used in this Section and relevant rules promulgated hereunder, means an individual under the age of 18.

C. Advertising includes only those promotions, positive

statements or endorsements that are obtained in exchange for consideration. The Department shall continue to evaluate the best way to establish appropriate advertising restrictions for this evolving industry, and shall in particular continue to monitor and evaluate advertising, marketing and signage to protect the interests of those under the age of 18 and to prevent underage use of marijuana.

D. As used in this Act, the term "television" means a system for transmitting visual images and sound that are reproduced on screens, and includes broadcast, cable, on- demand, satellite, or internet programming. Television includes any video programming downloaded or streamed via the internet.

E. As used in this Act, the term "radio" means a system for transmitting sound without visual images, and includes broadcast, cable, on-demand, satellite, or internet programming. Radio includes any audio programming downloaded or streamed via the internet.

F. An MMB 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.

G. AN MMB shall not engage in Advertising that specifically targets Persons located outside the state of Oklahoma.

1. An MMB shall not utilize unsolicited pop-up Advertising on the internet.

H. In addition to any requirements within this Act and rules promulgated hereunder, an MMB shall comply with any applicable local ordinances regulating signs and Advertising.

I. The prohibitions set forth in this section shall not apply to any fixed sign that is located on the same zoned lot as an MMB and that exists solely for the purpose of identifying the location of an MMB and otherwise complies with any applicable local ordinances.

J. An MMB shall not engage in Advertising via marketing directed towards location-based devices, including but not limited to

cellular phones, unless the marketing is a mobile device application installed on the device by the owner of the device who is 18 year of age or older and includes a permanent and easy opt-out feature.

SECTION 47. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8047 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 are 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 Department 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.

SECTION 48. NEW LAW. A new section of law to be codified in the Oklahoma Statutes as Section 8048 of Title 63, unless there is created a duplication in numbering, reads as follows:

A. A device used for the consumption of medical marijuana shall be considered legal to be sold, manufactured, distributed and possessed.

B. No merchant, wholesaler, manufacturer or individual may unduly be harassed or prosecuted for selling, manufacturing or possessing medical marijuana paraphernalia.

C. An MMB licensee is not subject to the following:

1. Prosecution for the acquisition, possession,

cultivation, processing, preparation, manufacture, delivery, transfer, transport, sale, supply or dispensing of marijuana and related supplies in accordance with the provisions of this act and any rule adopted under this act;

2. Inspection, unless otherwise provided for in this act or upon a search warrant issued by a court or judicial officer;

3. Seizure of marijuana, unless otherwise provided for in this act or except upon any order issued by a court or judicial officer and with due process of law; or

4. Imposition of a penalty or denial of a right or privilege including, without limitation, imposition of a civil penalty or disciplinary action by a business, occupational or professional licensing board or entity, solely for acting in accordance with the provisions of this act.

D. An MMB agent shall not be subject to arrest, prosecution, search, seizure or penalty in any manner or denied any right or privilege including, without limitation, civil penalty or disciplinary action by a business, occupational or professional licensing board or entity, solely for working for or with a dispensary, commercial grower, transporter or processor to engage in acts permitted pursuant to the provisions of this act.

SECTION 49. NEW LAW. The provisions hereof are severable, and if any part or provision hereof shall be void, invalid, or unconstitutional, the decision of the court so holding shall not affect or impair any of the remaining parts or provisions hereof, and the remaining provisions hereof shall continue in full force and effect.

Passed the House of Representatives the ___ day _____of, 2018

_____

Presiding Officer of the House of Representatives

Passed the Senate the ___ day of _____, 2018.

_____

Presiding Officer of the Senate