

SQ 788 also opens path for new medical marijuana businesses

In this article, Director [Jason M. Kreth](#) discusses requirements and allowances for medical marijuana distributors and businesses since Oklahoma voters approved State Question 788.



Jason M. Kreth is a Director and a commercial litigator who represents financial institutions, handling matters such as foreclosures, bankruptcy and lender liability litigation. He also represents clients in a range of real property disputes.

Q: What type of new business opportunities exist now that SQ 788 has passed?

A: The approval of SQ 788 enacted a [series of new statutes](#) that take effect July 26. Aside from provisions related to the acquisition of a medical marijuana license for individual use, the statutes also [provide a framework](#) for the approval of new medical marijuana businesses. These businesses are: retailers or dispensaries of medical marijuana; commercial growers of medical marijuana; processors of medical marijuana into concentrated, edible or other forms; and medical marijuana researchers. In addition, the Oklahoma State Department of Health has published its draft proposed Medical Marijuana Control Program regulations which, if implemented in their current form, would provide for the licensure of laboratories to test and approve various medical marijuana products. However, both the statutes implemented by SQ 788 and the regulations proposed by Department of Health are still subject to change.

Q: What are the main requirements that must be met in order to obtain a license as a dispensary, commercial grower, processor or researcher?

A: In each case, an individual or entity wishing to obtain a license to operate as a dispensary, commercial grower, or processor, must submit an application to the Oklahoma State Department of Health along with a \$2,500 fee. The application must establish that the applicant: is 25 or older; is an Oklahoma resident, in the case of entities, that all members, managers and board members are Oklahoma residents and that no more than 25 percent of its ownership is out-of-state; is registered to conduct business in Oklahoma; and isn't incarcerated and doesn't have either a nonviolent felony conviction in the last two years or any other felony conviction in the last five years. In addition, the Department of Health's proposed regulations also would require submission of a criminal background screening as well as proof of a \$50,000 bond made payable to the Oklahoma State Department of Health.

Q: Where can these new medical marijuana businesses operate?

A: Virtually any location as other businesses. The only direct exception is a dispensary can't operate within 1,000 feet of a school. To ensure this freedom to operate these businesses, the statutes specifically prohibit a city or municipality from restricting zoning for the purpose of preventing the opening of medical marijuana establishments, and landlords are prevented from refusing to execute a lease with such businesses unless, by doing so, they would lose a licensing or monetary benefit under federal law. However, the proposed regulations of the Department of Health would create several practical limitations on where these businesses could be located. For instance, a dispensary may not be housed in the same location as a physician who can prescribe medical marijuana and the location where medical marijuana may be grown or processed is subject to more exacting security and privacy standards than those of a simple dispensary, which may limit the options for potential locations.

Q: When can these businesses obtain their licenses?

A: The statutes set an ambitious timetable of applications being made available within 30 days of the passage of SQ 788 and the establishment of a regulatory office for processing these applications within 60 days of passage. Furthermore, the statutes require that all applications must be processed within two weeks. However, these timetables are subject to alteration by the legislature and may be extended.

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