

Cannabis Industry in Rural Oklahoma

Commissioner Rod Cleveland, Cleveland County



Oklahoma is the new “Wild West of weed” — and Colorado marijuana entrepreneurs are helping fuel the green rush

Lax regulation and low barriers to entry have triggered cannabis’s explosive growth in Sooner State

The Denver Post published August 9,
2021



BOARD OF COUNTY COMMISSIONERS

ANY COUNTY

Po Box 123, Any City, Oklahoma 73000

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405-444-5555*

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*-Jane Smith, District 3-
405-666-7777*

To: OMMA Certificate of Compliance Review
900 North Broadway
Oklahoma City, OK

Re: Certificates of Compliance for Cleveland, McClain and Garvin Counties

To: OMMA

This letter provides the statutory certification for a medical marijuana business from a District 21 County as required by 63 O.S. §427(E). It complies with all statutory provisions and properly promulgated rules, and accordingly, should be approved in the order that OMMA not cause unreasonable delay to the business owner represented on the attached application.

Section 420(A) of Title 63 of the Oklahoma Statutes requires that all medical marijuana businesses be properly licensed. Businesses must also obtain a certificate of compliance from the local government entity. This requires government certification of compliance with "All.....Applicable.....Codes". For County Governments without zoning boards or ordinances, this simply means certification that no such codes exist. OMMA as the agency tasked with promulgation of rules for these businesses has created a form for such certification pursuant to OAC 310:681-1-2. On that form item number seven (7) asks whether the local government has attached information. This is the sum total of guidance provided to local governments regarding "Certification".

Statutes and rules remain wholly silent on the definition of "Certification", provide neither indication of which local government office or individual "shall" provide such "Certification" nor any explanation of precisely the responsibility of such office or individual in making the "Certification". Many other state agencies (OTC for example) provide detailed instructions with statutorily mandated forms. OMMA has chosen not to provide such instruction or explanation, and accordingly, has created serious risk of liability to the counties without any zoning regulation should they complete each and every item on the form. Because none of the three counties in District 21 operate with a code of ordinances or a building, planning or zoning board, this office offers no opinion regarding the effect of OMMA's Form for counties that do have building/zoning codes.

Because of potential liability to the counties associated with full completion of OMMA's form, and absent specific instructions that reduce the possibility of such liability or additional properly promulgated rules and/or statutory amendment, the three counties in District 21 have elected to provide the certification through item seven (7) and will continue to attach certification via letter from the County Clerk or her designee. The Clerk's Office will also provide an original signature on the OMMA Form. Taking this action comports with the statutes and rules, protects the counties, and at the very least permits OMMA to allow businesses to move forward pursuant to conditional license as provided by section 427(H) of Title 63 of the Oklahoma Statutes. Grant of a conditional license gives OMMA the opportunity to take appropriate action through any or all of the following: Statutory amendment, additional rulemaking, providing written instructions with the form.

October 1, 2019

OMMA Certificate of Compliance Review
123 Main Street
Any City, Oklahoma

RE: Attached Request for Compliance Certification by Any County

Attn: OMMA Certificate of Compliance Review

This letter responds to the attached request for Certificate of Compliance from Any County. As of the date of this certification, Any County has no planning or zoning commission or other body, and accordingly has enacted no building or zoning ordinances, safety, fire, electrical, plumbing, waste, or other codes, rules or regulations that would affect an applicant seeking certification from this County.

Additionally, this County makes no representation regarding the specific location of the business identified on the Certificate of Compliance form, and merely certifies that the County has no applicable codes, rules or regulations that would affect a business located on unincorporated land in Any County.

Certified by:

County Clerk



Do Counties and or Municipalities have the ability to pre-qualify and inspect the cannabis grow facility prior to signing off on “Certificate of Compliance Form”?

- Do Board of County Commissioners approve the “Certificate of Compliance Form” of a potential cannabis producer or processor?
- Can Counties charge a “Certificate of Compliance fee”?
- How many Counties are currently doing pre-inspections and charging a “Certificate of Compliance” fee?
- How is the permitting process by Oklahoma Medical Marijuana Association being shared with County Commissioners, County Assessors, County Sheriffs, and District Attorneys? There should be a FinTech solution to share the permitting process and the licensing.
- Currently the “Certificate of Compliance Form” is not filed in the County Clerk’s office because it is not BOCC approved. This document should be a public document and filed with the Clerk’s office
- Could Counties enter into a “Memorandum of Understanding” with OMMA to provide pre-inspection, post inspection, and renewal inspections of cannabis growing and processing facilities and have the ability to reject or approve?



- County Assessors need upfront information on growing and processing licenses with estimated plant production.
- Plants in the ground are agriculture, Plants in pots grown inside are personal property.
- Are cannabis growing operations agriculture or commercial manufacturing?
- Personal safety of County Assessor appraisers is a growing issue.
- There is no requirement for taxes to be current in order to apply and receive a permit and or license for retail to growing.



SAFETY

The storage of propane in buildings is limited: Buildings frequented by the public are limited to cylinders with a propane capacity of 1 pound. The total quantity stored is limited to **200 pounds of propane**. Buildings not frequented by the public are limited to a maximum quantity of 300 pounds of propane.

Who are greeting the County Assessor employees, rural firemen, and or law enforcement at these growing and processing operations in rural Oklahoma?

Strain on Rural Infrastructure



BODINE: Whitaker says he's pumped 40 million gallons of water from the underground aquifer this year. He expects that will double, which he says is dangerously close to the amount of water the state's resources board has allocated. That's why he's limiting growers to 10,000 gallons a month, the max for an average household in the area.

WHITAKER: Because if I start pumping - overpumping, I start robbing from my neighbor over here, and then he don't have any water. And then pretty soon, nobody has water.

BODINE: But it's not just water.

LOGAN PLEASANT: These growers are using as much power as a small city.

BODINE: That's Logan Pleasant, the operations director at Lake Region Electric Cooperative. He says more than 100 growers are tapping into his electric grid, and each one uses enough electricity to power 30 homes. If this keeps up, Pleasant says the electric co-op will have to buy new substations and even install new power lines. That could cost millions of dollars, an expense shouldered by each member of the co-op. If the marijuana boom turns into a bust, that could be a problem.

PLEASANT: Many of these locations will either close up shop or they will scale back significantly if the market wanes.

BODINE: John Hudak says that's a very real possibility. He's a senior fellow at the Brookings Institution who studies marijuana policy.

JOHN HUDAK: There are far too many growers. There are far too many dispensaries in that state for the number of patients.



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ENERGY



The boom of cannabis growers in Oklahoma is straining rural utilities

October 8, 2021 · 4:53 PM ET
Heard on All Things Considered

SETH BODINE | HARVEST PUBLIC MEDIA

3-Minute Listen

+ PLAYLIST



Oklahoma has some of the nation's loosest marijuana regulations. Rural utilities say the large greenhouses popping up across the state is straining water and electric infrastructure beyond capacity.

Permit Fees - How Does Oklahoma Compare to other State?

California

Annual license application fees:

Specialty Cottage Outdoor \$135

Specialty Cottage Indoor \$205

Specialty Cottage Mixed-Light Tier 1 \$340

Specialty Cottage Mixed-Light Tier 2 \$580

Specialty Outdoor \$270

Specialty Indoor \$2,170

Specialty Mixed-Light Tier 1 \$655

Specialty Mixed-Light Tier 2 \$1,125

Small Outdoor \$535

Small Indoor \$3,935

Small Mixed-Light Tier 1 \$1,310

Small Mixed-Light Tier 2 \$2,250

Medium Outdoor \$1,555

Medium Indoor \$8,655

Medium Mixed-Light Tier 1 \$2,885

Medium Mixed-Light Tier 2 \$4,945

Nursery \$520

Processor \$1,040

Specialty Cottage Outdoor \$1,205

Specialty Cottage Indoor \$1,830

Specialty Cottage Mixed-Light Tier 1 \$3,035

Specialty Cottage Mixed-Light Tier 2 \$5,200

Specialty Outdoor \$2,410

Specialty Indoor \$19,540

Specialty Mixed-Light Tier 1 \$5,900

Specialty Mixed-Light Tier 2 \$10,120

Small Outdoor \$4,820

Small Indoor \$35,410

Small Mixed-Light Tier 1 \$11,800

Small Mixed-Light Tier 2 \$20,235

Medium Outdoor \$13,990

Medium Indoor \$77,905

Medium Mixed-Light Tier 1 \$25,970

Medium Mixed-Light Tier 2 \$44,517

Nursery \$4,685

Processor \$9,370

Connecticut

Initial application fee: \$25,000

Cultivation license registration fee: \$75,000

Annual cultivation license renewal fee: \$75,000

Florida

Application fee: \$60,830

In Florida, medical marijuana treatment centers (MMTCs) are authorized to cultivate, process, transport and dispense medical marijuana. A “supplemental licensing fee” of \$174,844 was rescinded in 2018.

Missouri

Cultivation license application fee: \$10,000

Missouri began accepting medical marijuana business license applications in January 2019. As of early 2021, the state is no longer accepting applications.

Michigan

State license application fee: \$6,000

Class A license fee (500 plants): \$150,000

Class B license fee (1,000 plants): \$300,000

Class C license fee (1,500 plants): \$500,000

Processor license fee: \$300,000

Pennsylvania

Application fee (nonrefundable): \$10,000

Application fee (refundable if application is not successful): \$200,000

Annual license renewal fee: \$10,000

Proof of funds: \$2 million, with \$500,000 liquid in applicant's bank account

New Mexico

Application fee: \$10,000 (\$9,000 refundable to unsuccessful applicants)

Annual license fee: \$30,000 for first 150 plants, and \$10,000 for each additional 50 plants (up to a 450-plant limit)

OKLAHOMA

Permit \$2,500

Top 20 Largest Cannabis Growers 2021

Rank	Operation Name	Square Footage	Location	Growing Style
1	Ultra Health	9,213,000	New Mexico	Greenhouse/Warehouse/Outdoor
2	Mammoth Farms	3,484,800	Colorado	Warehouse, Greenhouse, Outdoor
3	Palo Verde Center	2,400,000	California	Warehouse
4	Hexo Corp.	2,000,000	Quebec	Greenhouse
5	Copperstate Farms	1,700,000	Arizona	Greenhouse
6	Los Suenos Farms	1,428,000	Colorado	Greenhouse, Outdoor
7	Canna Hub	1,200,000	California	Greenhouse, Warehouse
8	Village Farms	1,100,000	British Columbia	Greenhouse
9	Aurora	943,000	Alberta	Warehouse

Rank	Operation Name	Square Footage	Location	Growing Style
10	Canopy Growth	700,000	Quebec	Warehouse
11	Cresco Labs	560,139	Illinois	Greenhouse, Warehouse
12	Glass House Farms	500,000	California	Greenhouse
13	Organigram	500,000	New Brunswick	Warehouse
14	C3 International	489,000	California	Greenhouse/Warehouse
15	CannTrust	450,000	Ontario	Warehouse, Outdoor
16	FlowerOne	400,000	Nevada	Greenhouse
17	Solaris Farms	360,000	Nevada	Greenhouse
18	7Acres	342,000	Ontario	Greenhouse
19	ThePharm	320,000	Arizona	Greenhouse
20	NUG	221,000	California	Greenhouse, Warehouse

Why does Oklahoma not have one of the TOP 20 Cannabis producers in the country?

Possible Solutions

- More communication and strengthen inter-agency partnerships.
- Create a secure and accessible permitting and licensing database available to State, County, and Municipalities; OBN, Highway Patrol, Sheriff Offices, Local Law Enforcement, District Attorneys, County Commissioners, County Clerks, County Assessors, Rural Fire Districts, City Managers, DEQ, Agriculture, Dept. of Labor, Tax Commission, ORWB, State Fire Marshal, Banking Commission.
- Develop or contract with an Oklahoma Company to provide BLOCK-CHAIN based licensing, payments, and seed to sale tracking.
- Increase permit, licensing, and renewal fees.
- Share revenue with local governments and allow local governments to assist in pre-certification and inspections for new and renewal licensing.
- Add County Sheriff departments to the excise apportionments. Fund Law Enforcement.
- Follow the money. Increase tax revenue by collecting the current production and eliminating the **BLACK MARKET** sales.
- Move **OMMA** out from under Department of Health.

BLOCK-CHAIN Based Licensing, Payment, and Tracking

- No More Cash, with a closed digital tracking and currency system.
- Block-chain secures cannabis patient licensing.
- Proprietary digital tokens can be bought and sold online through a mobile app.
- Cannabis products can be tracked using a QR CODE, RFID TAG, or BARCODE.
- Block-chain is fraud resistant.
- State agencies, Counties, and Municipalities have access to real time data on a need-to-know basis through a password protected dashboard.
- Licensee Data is secure and protected.

Licensee Tracking/Supply Chain Links

- Growers
- Processors
- Dispensaries
- Labs/Physicians
- Patient/Customers

Revenue: Data Collection and Auditing

- Automatic Escrow of Tax Monies into the State.
- Real Time Financials on Each Dispensary Grower, or Processor.
- State Can Use Data to Calculate Number of Dispensaries Needed, Black Market and Taxation Policy.

Track Cannabis Seed to Sale - Reduce

- **Crime** Tracking through QR Code, Bar Code, or RFID for plants and/or packing.
- Prevent embezzlement, money laundering, theft, and fraud.
- Fingerprint ID's.
- Inventory control and fast, just in time delivery
- Reduced compliance cost.
- Improve cash flow for businesses and state tax collection.

Information and Revenue Sharing

- Pre-certification for permit and licensing.
- Cap current apportionments to allow funding from current tax rates with increased taxable revenue.
- Scalable permit and licensing fees for growers.
- Fund County Sheriff Departments out of increased cannabis revenue.
- Match production to tax revenue.
- Share permitting and licensing authority with local government.
- Require growers, processors, and dispensaries to post their license outside and visible to the public.
- Create a cannabis **“Check-Off”** program like with the beef industry but for clean up of abandoned grow and processing facilities.