

# THE JOURNAL RECORD

## In fourth year, Oklahoma cannabis industry making strides

By: Janice Francis-Smith The Journal Record July 12, 2022 0



Oklahoma's cannabis industry is growing into its own in its fourth year, according to attorney Sarah Lee Gossett Parrish, left, and Barrett Brown, chief of staff at Oklahoma Medical Marijuana Authority, the panelists who spoke with Editor Joe Dowd during Friday's JR Now webinar. (Screenshot by Janice Francis-Smith)

Oklahoma's cannabis industry is finally growing into its own in its fourth year, according to the panelists who spoke during a JR Now webinar last week.

The industry grew rapidly and exponentially in its first few years and experienced some inevitable growing

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Better regulation, the state's new seed-to-sale system and ever-changing market forces already are starting to weed out some of the glut of cannabis businesses that flooded the state initially.

"Ever since the initiative petition passed (in 2018) it's been in a relative state of triage – the industry grew so explosively, and a few issues came with that," said Barrett Brown, chief of staff at the Oklahoma Medical Marijuana Authority.

"Overall, the outlook is pretty positive in every respect," said Sarah Lee Gossett Parrish, a third-generation Oklahoma attorney who specializes in cannabis law. "We still are kind of the envy of everyone, all of my colleagues across the country in the International Cannabis Bar want to be in Oklahoma. They laugh and say, 'you guys have it going on.'"

With legislation passed during the 2022 session, the Oklahoma Medical Marijuana Authority has at last outgrown its status as a subdivision of the Oklahoma Health Department and developed into its own stand-alone agency. That change will make things better for everyone involved, said Parrish.

"The stand-alone bill for OMMA I think represents a seminal event in the life of our industry here," Parrish said. The change shows the state takes the industry seriously and provides the resources and infrastructure needed to regulate the industry well, Parrish said, noting how hard OMMA employees have been working to keep up with the industry.

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inspecting every active licensed cannabis business this year.

With more than 2,000 active cannabis business licenses, Oklahoma has both the largest number of dispensaries and the largest number of dispensaries per capita. However, the state's seed-to-sale tracking system, which went live May 26, already is working to reduce the number of active licensees, Brown said.

"It's a huge change for the industry but one that I think is going to bring transparency, accountability and safety the likes of which this industry has not seen since its inception," Brown said. Licensees have been dropping on a daily basis since the system became active, Brown said.

"There are a few licensed businesses out there that we think probably weren't operating on the up and up that with the kind of change in regime and the increase in regulatory activity we're seeing those businesses drop off as well," Brown said.

Market forces are changing the landscape as well. The saturation of the cannabis business in the market has created an oversupply of product, Brown said.

"Because of the oversupply, prices are at an extremely low level, which makes it really hard for people to stay in business," Brown said.

Legislation passed this year and signed into law would temporarily halt new cannabis business licenses from August

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new competitors coming into the market right now. If they should decide they want to get out of the business, their licenses are certainly going to skyrocket astronomically in value.”

Unlike many other trade licenses, commercial cannabis licenses are transferable. The OMMA’s only concern is that the new license holder meets the letter of the law; however, how much a license holder wants to sell that license for is up to them. With the moratorium in place, prices for license transfers are expected to increase in value significantly in the short term.

Parrish said she expects to soon see a legal challenge to Oklahoma’s residency requirements for a cannabis license. Similar protectionist laws in other states have been struck down as violations of interstate commerce law.

At this point, Oklahoma is again poised to lead the nation if and when marijuana becomes available for adult recreational use statewide or nationwide in the near future. Either way, those currently holding a commercial cannabis license hold an asset that is bound to drastically increase in value.

The JR Now webinar took place live over Zoom on Friday and was hosted by *Journal Record* Editor Joe Dowd.

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