

**NOTICE OF MEETING  
REGULAR MEETING AGENDA**

- 1. CALL TO ORDER**
- 2. AGENDA APPROVAL**
- 3. PUBLIC COMMENT UPON MATTERS ALREADY ON THE AGENDA** *(The Public may comment on any item on the agenda with the exception of items shown under Public Hearings. The standard time limit is 3 minutes.)*
- 4. VISITORS**
- 5. RECONSIDERATION**
- 6. ADOPTION OF CONSENT AGENDA** *(Items listed below will be enacted by one motion. If separate discussion is desired on an item, that item may be removed from the Consent Agenda and placed on the Regular Meeting Agenda at the request of Commissioner.)*
  - A. Meeting Minutes from the September 24, 2015 Regular Meeting **Page 3**
- 7. REPORTS**
  - A. Report to the Commission - City Planner Abboud **Page 13**
  - B. Kenai Peninsula Borough Cannabis Commission Report - Commissioner Monroe
- 8. PUBLIC HEARING**
- 9. PENDING BUSINESS**
  - A. Cannabis Zoning Staff Report CAC 15-06 from City Planner Abboud **Page 15**
    1. Memorandum from the Library Advisory Board to the CAC re: Homer Public Library
    2. Draft State of Alaska Proposed Regulations as Amended October 1, 2015
- 10. NEW BUSINESS**
  - A. Memorandum from Deputy City Clerk Krause Re: Taxation **Page 161**
    1. Sales Taxes, Excise Taxes - State of Colorado (General Information)
    2. Sales Taxes and Excise Taxes - State of Washington (General Information)
    3. City of Homer Code - Title 9 Taxation (General Information)
    4. State of Alaska Excise Tax Information
  - B. Next Meeting Deliverables, Agenda Items **Page 183**
- 11. INFORMATIONAL MATERIALS**
  - A. 2015 Meeting Schedule and Packet Processing Deadlines **Page 185**
  - B. 2015 Commission Attendance at Council Meetings **Page 186**
  - C. Memorandum to Council re: Recommendations and Questions to Submit to the State of Alaska Marijuana Control Board Regarding Proposed Regulations **Page 187**
- 11. COMMENTS OF THE AUDIENCE**
- 12. COMMENTS OF THE STAFF**
- 13. COMMENTS OF THE CHAIR**
- 14. COMMENTS OF THE COMMISSION**
- 15. ADJOURNMENT THE NEXT REGULAR MEETING IS MONDAY, NOVEMBER 30, 2015** at 5:30pm in the CITY HALL UPSTAIRS CONFERENCE ROOM located at 491 E. Pioneer Avenue, Homer Alaska



Session 15-05, a Regular Meeting of the Cannabis Advisory Commission was called to order by Chair Aryn Young at 5:30 p.m. on September 24, 2015 at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONERS HARRIS, STEAD, YOUNG, MONROE, BURGESS, LEWIS

ABSENT: COMMISSIONER SARNO, JONES, ROBL (EXCUSED)

STAFF: CITY PLANNER ABBOD  
DEPUTY CITY CLERK KRAUSE

#### APPROVAL OF AGENDA

Chair Young called for a motion to approve the agenda as presented.

LEWIS/MONROE - MOVED TO APPROVE THE AGENDA AS WRITTEN.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

#### PUBLIC COMMENT

The public may speak to the Commission regarding matters on the agenda that are not scheduled for public hearing. (3 minute time limit).

#### VISITORS

#### RECONSIDERATION

#### ADOPTION OF CONSENT AGENDA

*(Items listed below will be enacted by one motion. If separate discussion is desired on an item, that item may be removed from the Consent Agenda and placed on the Regular Meeting Agenda at the request of a Commissioner.)*

#### A. Meeting Minutes for the August 27, 2015 Regular Meeting

Chair Young requested a motion to approve the Consent Agenda of August 27, 2015.

LEWIS/MONROE - SO MOVED.

There was a brief discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

#### REPORTS

#### A. Holly Wells, City Attorney (via telephonic participation)

1. Memorandum: Proposed Comments and Questions Regarding State of Alaska Marijuana Regulations
  - Exhibit A: Moving at a Snail's Pace
  - Exhibit B: Three Sets of Proposed Marijuana Regulations
  - Exhibit C: Marijuana Control Board Public Comments, Questions & Answers
  - Exhibit D: Regulation of Marijuana Industry 3 AAC 306 Table of Contents

City Atty Wells spoke on her review of the proposed regulations and speaking with the Marijuana Control Board it would behoove the CAC is to think about all comments be put into question format

such as “We are looking for a definition of a brokerage facility, but phrase it as, “Where are the definitions of a brokerage facility” City Attorney Wells felt that it will offer a better chance of a response from the Marijuana Control Board. Her firm is working on the questions on behalf of all communities.

Commissioner Monroe inquired if they were to devise their comments at this time?

City Attorney Wells responded that if the Commissioners will craft their comments/questions and Deputy City Clerk can submit them to her she can have them included in the Resolution that she will draft and present to Council for the October 12<sup>th</sup> Council meeting and then recommended that a representative, which she would like to attend, the Public Meeting of the Marijuana Control Board.

City Attorney Wells continued that by attending the last meeting will offer an opportunity to engage the Marijuana Control Board in person.

BURGESS/MONROE - MOVED TO INCLUDE IN THE RESOLUTION THE RECOMMENDATION THAT A REPRESENTATIVE OF THE CITY BE PRESENT AT THE ORAL HEARING.

There was a discussion on who the representative should be and clarified that it would be the City Attorney Wells or appointed representative of the firm but as worded allows the Council to determine another representative if they so choose.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

City Attorney Wells requested the record show the most precise intent of the commission, she requested the Commission to address zoning related issues at this meeting and then she can have a draft ordinance for the next meeting.

City Planner Abboud responded that he has provided materials in a laydown for tonight for general recommendations to begin running them through the Planning Commission to discuss any special requirements, hold a Public Hearing, bring back to this body then present to Council for final approval until the State has made up its mind.

City Attorney Wells agreed and commented on the ability of a community effectively prohibiting certain aspects of marijuana industry within their community through zoning. She would really like to have this body start tonight to consider which areas of the city are they going to open up to what component of the marijuana industry. She will draft an ordinance for presentation to the Planning Commission as a starting point.

City Planner Abboud replied that he requires some insight into cultivation and how that would affect some of the districts; most of the other districts such as the industrial districts this type of stuff is allowed; commercial districts we need to take a closer look at and it may require a Conditional Use Permit (CUP) but he did not think there would be any stricter restrictions than the state is proposing.

City Attorney Wells responded but do to interference the Clerk could not transcribe her response.

Commissioner Burgess requested clarification on page 13 of the packet, item 3 AAC 306.900 regarding the City’s position on marijuana clubs, he stated that they are in a unique position, people will be coming to Homer under Cannatourism and the City will lose any revenue aspects.

City Attorney Wells responded that if Homer wants to take the position as the City under the recommendation of the CAC, that revenue raising sources are important to the City including the marijuana industry and that the marijuana tourism industry is an important component of that therefore they find this provision very restrictive. Previously, early in the process, she would not have supported a comment on this issue. However, here you are saying what laws are needed to be implemented to capitalize on the industry and support the industry in Homer. City Attorney then added that when the Commission has a comment that is more policy loaded make sure that she

understands what they understand and if Council does not approve the commission's recommendation it is still the beginning of sculpting your intent and position on the industry and your goals.

Commissioner Lewis stated that Denver, Colorado did not allow clubs but now they are talking about it since they have issued over 1000 citations for smoking in public and he questioned structuring a question that will address the issue since the City will not have the law enforcement resources to provide the enforcement necessary. We are already down a couple of officers and with everything else the city will want to use the resources they do have for more priority related efforts.

City Attorney Wells replied that it was an excellent argument and they can point to the priorities of the Federal Government. It can be argued that they are being very deliberate in what local regulations they adopt so they can enforce what regulations they establish and are in compliance with these priorities. This prohibition of clubs puts the municipality into a position that we may be unable to enforce these provisions due to the lack of resources. This regulation does not affect any of the other listed priorities.

Commissioner Burgess opined that there would be no apprehension on the Council level on supporting what the Commission submits as policy recommendation for the Council's approval. He believed that they did not need to worry about the bureaucracy.

**BURGESS/MONROE - MOVED THAT THE CITY ATTORNEY INCLUDE IN THE RESOLUTION THE RECOMMENDATION TO ALLOW CLUBS FOR THE REASONS STATED PREVIOUSLY.**

City Attorney Wells also stated that it may be helpful if the Commission produce a statement that Council can approve in that basically expresses the city's intent; such as "the City of Homer, Alaska, supports the Marijuana Industry equal to and in the same manner as any other industry development within the city limits with the understanding that there are limitations based upon Federal law. Additionally the City of Homer recognizing that the industry is unlawful under Federal law but permitted under Alaska Law it will be promoted and regulated respective of the industry. City Attorney Wells indicated that a statement will present a unified presence to the State. This will provide some flexibility at the oral hearing to answer questions, fill in or expand upon the comments keeping in mind the position of the city.

Commissioner Burgess believed that as a commission they may make that statement but wanted to address his motion regarding clubs.

There was a brief discussion on the purpose of the motion was to allow the city attorney to include in the resolution that the commission would like to address the issue of where people can utilize the product stating that there is safety, enforcement, and economic implications and allowing the city attorney some brevity of expansion in that area. It was noted that at some time in the future the commission may want to issue a statement of support as recommended by the city attorney.

**VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.**

Motion carried.

Commissioner Burgess then asked about the zoning component, he wanted to follow the Drug Free zone, because the incongruities he would like the city attorney to include as many angles as possible since what the state is proposing really ties the municipality's hands with regard to limiting the areas where it could be allowed. The City attorney will look into that.

Commissioner Harris questioned if the regulations proposed included church properties that may be owned outside of where services may be conducted. City Attorney Wells believed it was broader than that but did not have the specific answer and would look into in and send an email to the Clerk who could forward the information to the Commission.

City Planner Abboud responded that it was to be a place where religious services are regularly conducted. Commissioner Monroe agreed with that statement.

Commissioner Lewis inquired if someone held services regularly in their home, school or space in a commercial district would the regulation be applied. City Attorney Wells responded that this was the exact scenario that she wanted to address. This broad interpretation limits or restricts the community.

City Attorney Wells inquired if there were any other questions for her. She will be available if they need her later in the meeting.

The Commission expressed confidence in their Clerk being able to get their motions and recommendations succinctly.

Commissioner Burgess encouraged the commission to voice the concerns and allow the attorney to put this into a question.

The commission discussed the number of licenses a person or entity could have; the types of licenses various entities are allowed to possess; if it was a restraint of trade regarding the resident requirement and that they are using the PFD residency requirement/qualifications; this has been argued before the Board by several attorneys and they will not budge on this requirement.

Commissioner Monroe provided a few scenarios before the Board and it was shot down within five minutes of discussion. He further added that the Cole Memorandum does not even address recreational marijuana only medical marijuana.

**BURGESS/ MOVED TO INCLUDE IN THE DRAFT RESOLUTION TO GO BEFORE COUNCIL, 3 AAC 306.310 (c)(3) (B) OFFER OR DELIVER TO A CONSUMER AS A MARKETING PROMOTION OR FOR ANY OTHER REASON: MARIJUANA OR MARIJUANA PRODUCT AT A PRICE BELOW THE MARIJUANA RETAIL STORE'S ACQUISITION COST**

Commissioner Monroe stated that this has been struck from the regulations within the past 5 or 6 days it was one of the two things that had changed.

Commissioner Burgess removed his motion from the table for consideration.

Commissioner Lewis inquired if they wanted to question that the handler permit be available online and payable by credit card.

**LEWIS/BURGESS - MOVED TO REQUEST CLARIFICATION ON THE HANDLER PERMIT PROCESS, IF THIS WILL BE AVAILABLE ELECTRONICALLY INCLUDING THE PROCESS ON HOW A PRIVATE ENTITY CAN BECOME AUTHORIZED TO ISSUE PERMITS SIMILAR TO OTHER PROFESSIONAL JOB CLASSIFICATIONS.**

A discussion on the intent of the motion was to make applications for a Handler Permit as accessible as possible in areas that may not have physical training opportunities available and that there be a prescribed process on how to be a teacher or certifier to get a handlers permit. It was noted that due to the geographic nature of the state it is imperative that the certification and payment be available electronically. Further comment on the economic impact to a municipality to have clear direction and process for private industries to offer these courses as soon as possible so that businesses can be ready as soon as license applications can be accepted. Additional discussion on what Colorado and Washington currently require and have in place ensued.

VOTE. YES. NON-OBJECTION. UANIMOUS CONSENT.

Motion carried.

Commissioner Harris wanted to ask how the State will provide the classes in order to get the permits. She was unsure how to frame that in a better question.

Commissioner Burgess responded that the Clerk will have captured the discussion in the last motion which carried that request regarding the process of establishing a system.

Chair Young expressed concern on the regulation 3 AAC 306.020(2) the name, mailing address, phone number and social security number of the applicant and each family member and affiliate of the applicant. Chair Young expressed that this seemed excessive.

Speculation ensued on the requirement of family member's personal information, the requirement was noted to be more restrictive than trying to obtain and Department of Defense contract, it was noted that a change was made that the personal information of any dependent children was not required. Further comment was made that for each member, shareholder, or anybody with any interest is a licensee and must provide their fingerprints and information, there must be a divestiture clause because if one licensee moves out of state then the entity can lose their license.

Commissioner Harris read from Exhibit B, Questions and Answers provided by the Marijuana Control Board, page 159 of the packet, top of the page, Answer to 3-7 Regarding strictness: requirements concerning the identification of all interested parties in a license is related to the unique status of this substance. See answer to Questions 1-2 above and specifically those priorities in the Cole memo that require that state regulations clearly address prevention of revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels and prevention of state authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity. The proposed regulations are modeled after the type of financial background investigations that appear to have satisfied the federal priorities in other states and which is contemplated by the Alaska legislature in AS 17.38.084 which mandates disclosure of financial interests.

Commissioner Harris then referenced the Question 1 and 2 on page 156 of the packet regarding the restrictive nature and asking if this was similar to other state licensing requirements commenting that to her they are not answering the question and do not plan to and want control.

**BURGESS/LEWIS - MOVED TO INCLUDE IN THE RESOLUTION INCLUSION OF LEADING QUESTIONS OR AN OUTRIGHT OBJECTION TO REQUIRING PROPRIETARY OR OVERLY BEARING PERSONAL INFORMATION OF ANY PERSONS NOT A SHAREHOLDER, APPLICANT OR REPRESENTATIVE OF THE CORPORATION.**

Discussion and comments from the commission were that the requirement of every family member was overly excessive, controlling and draconian ensued and that a clarification of affiliate be requested.

**YOUNG/LEWIS - MOVED TO AMEND THE MOTION TO INCLUDE A REQUEST FOR A DEFINITION OF AFFILIATE AS USED IN 3 AAC 306.020.**

There was a brief discussion on this applying within the sense of business in that sense.

**VOTE (AMENDMENT). YES. NON-OBJECTION. UNANIMOUS CONSENT.**

Motion carried.

Chair Young called for additional discussion.

Commissioner Harris noted that within the same Question and Answer document she recalled reading a question on the security of proprietary information and the State responding that it has been able to collect and keep that type of proprietary information secured without incident.

Chair Young called for approval of the motion as amended.

**VOTE.(MAIN) YES. NON-OBJECTION. UNANIMOUS CONSENT.**

Motion carried.

Chair Young inquired if there were any additional recommendations.

Commissioner Burgess inquired if anyone else had issue with the restriction that if you have an interest in a testing facility you cannot have an interest in any other facility. He can understand a restriction that you could not test the product of an affiliate facility. He provided an example as such that if you test the proof of alcohol you cannot have an interest in a brewery.

Commissioner Monroe stated he could not remember the exact discussion on this subject but stated that for the most part it could be circumvented within the corporate structure for practical purposes.

Commissioner Burgess read from the proposed regulations under 3 AAC 306.400 (c) A licensee of any marijuana cultivation facility, or an employee or agent of a marijuana product manufacturing facility, may not have an ownership interest in, or a direct or indirect financial interest in any licensed marijuana testing facility; which he interpreted that to include shareholders of either.

Commissioner Harris could understand the restriction with regards to testing a product and giving a false positive and maybe they should they ask for direction from the City Attorney.

Chair Young inquired if anyone would like to make a motion at this time.

Commissioner Burgess stated he had additional questions regarding the requirement under 3 AAC 306.410 Limited marijuana cultivation facility license; privileges and prohibited acts. Item (b)(3) sell directly to a consumer or to any marijuana establishment that does not hold a marijuana cultivation broker facility license, his interpretation of this regulation is that a middleman is required. This limits the limited cultivation facility to selling their product to a broker, they cannot sell directly to a retail facility.

Commissioner Harris commented that she read, could not remember what page, but that brokers would be able to contract with testing facilities. To her that the regulations are so tight creating an arena that limits the overall number of participants. The full size cultivators will be able to contract with the brokers because currently they do not know what the broker regulations will be yet, but if they contract with the brokers they will literally be able to push the small cultivators out.

Commissioner Burgess agreed stating that was a major concern and put forward the following motion:

**BURGESS/LEWIS - MOVED THAT THE CITY ATTORNEY INCLUDE IN THE DRAFT RESOLUTION THE QUESTION OR OBJECTION IF NECESSARY, WHY IS IT NECESSARY TO LIMIT THE ABILITY OF LIMITED CULTIVATION FACILITIES TO SELLING DIRECTLY TO RETAIL OR MANUFACTURING ESTABLISHMENTS.**

Discussion included points that this restriction inherently limits small business opportunities, is poor business practices; there are no well-founded public safety reasons, restriction based on issues regarding the excise taxes; the activities of the limited growers; brokers are basically performing the secretarial/bookkeeping responsibilities; regulations need to allow for small full grow operations under 500 feet or allow small scale access to retail or manufacturing facility.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

**BURGESS/MONROE - MOVED TO ELIMINATE ANY REFERENCE TO CHURCHES OR RELIGIOUS ENTITY FROM THE DRAFT REGULATIONS.**

There was a brief discussion on the inclusion of churches in the regulations goes against the separation of church and state; there are already avenues that any non-profit or church may register with the board to receive notice and can submit objection on any location or application; this allows the city to not be discriminatory based on an entity having a religious affiliation.



VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

#### B. Staff Report - City Planner Abboud

City Planner Abboud commented on the places where religious services may be held and that if they changed the current map to 500 feet if they could picture the distance shown by another 300 feet, which is half of what is shown on the current map around the schools you can see that it will cut out most if not all of the most of the Central Business District.

He reviewed the various activities and which districts that those activities would be appropriate throughout the city. He was unaware of some of the nuances of the manufacturing components within the industry and how that should affect zoning such as the following:

Commercial - reasonable to have a Conditional Use Permit

Bridge Creek - this can be allowed outright since the established rules will sort out any activity

East End Mixed Use should be reserved for large scale commercial operations.

Rural Residential - this will have to be hashed out as there are some areas that are congested and not sure if it would be appropriate to have certain types of operations

- Proposed regulations currently restrict smells being emitted and visual
- Discussion on the concerns with regard to having cultivation operations in neighborhoods where residences are very close, privacy, security
- commented on this would be the limited cultivation
- Public comments will be allowed in the application process
- This is the district that is suitable for limited cultivation facilities

Commissioner Harris brought up a concern with regard to the local utility increasing costs for electric service and felt that it should be addressed prior to the need. Commissioner Monroe called for a Point of Order that this venue was not a place for airing personal issues and additionally responded with information regarding the cannabusiness industry and stated that there should be little if any noticeable increase in electrical usage by the utility other than possibly new businesses opening.

There was brief discussion on some of the details regarding manufacturing foods and the proposed regulations on the facilities by the state in regards to the actual operations to produce the end product.

It was agreed by consensus of the Commission to present the proposed zoning restrictions before the Planning Commission and bring their recommendations back to this commission for review before submitting to Council for Approval.

City Planner Abboud will review the parks restriction in the federal restrictions but most of the Commission was agreeable to the 200 feet.

#### C. Kenai Peninsula Borough Cannabis Task Force Report - Commissioner Monroe

Commissioner Monroe reported that the Borough Commission did not establish a time limit so the meetings typically run from 6:00 p.m. to 10:00 p.m. They meet twice monthly in Soldotna.

The Task Force was established by the Borough Mayor and submits their comments and recommendations through the Mayor's Office. The Task Force composition is somewhat stacked in favor of the industry but is not reflective of the political will of the Borough Assembly.

This Task Force has voted not to opt out at this time, recommended that the Borough establish a regulatory body and chose the Borough Planning Commission in order to review licenses and forward to the state, and agreed not to ban the sales of edibles. This has been the extent of the actions taken on the Borough level.

#### **PUBLIC HEARINGS**

*(Public Testimony is limited to 3 minutes. The Commission conducts Public Hearings by hearing a staff report if any, hearing public testimony and then acting on the Public Hearing items. Once the public hearing is closed the Commission cannot hear additional comments on the topic.*

#### **PENDING BUSINESS**

##### **NEW BUSINESS**

###### **A. Next Meeting Deliverables, Agenda Items**

There was a brief discussion on when to expect a zoning ordinance before this commission. There was no definitive answer from City Planner Abboud.

Commissioner Harris and Burgess would like to have on the next agenda - Issues and the Realm of Taxes - Excise Taxes on Marijuana

Commissioner Burgess requested the City Attorney to provide information materials on the tax aspects and what we could propose to the Borough regarding excise taxes.

##### **INFORMATIONAL MATERIALS**

- A. 2015 Meeting Schedule and Packet Processing Deadlines
- B. 2015 Commission Attendance at Council Meetings
- C. Municipal Legislative Actions
- D. Commissioner Sarno Appointment
- E. Resolution 15-068, Cannabis Advisory Commission Bylaws
- F. Highs and Lows in the Wake of Legislation

There was no discussion on the informational materials.

##### **COMMENTS OF THE AUDIENCE**

Members of the audience may address the Commission on any subject. (3 minute time limit)

Wes Schact, resident of Fritz Creek, thanked the Commissioners for their time and apologized for the lack of an audience tonight.

##### **COMMENTS OF STAFF**

City Planner Abboud stated he will bring these issues other than zoning up in conversation with the city manager and city attorney and see what they say.

Deputy City Clerk Krause commented that it was a good meeting very enjoyable and nice to have humor.

##### **COMMENTS OF THE CHAIR**

Chair Young passed on her comments.

##### **COMMENTS OF THE COMMISSION**

Commissioners Harris and Stead had no comments.

Commissioner Monroe stated that he has formed his opinions on what direction that the State will be going and apparently the City Attorney was thinking along the same lines with her comments on the Marijuana Control Board not being receptive to changes on their proposed regulations and he believed

that it will be a worthwhile question to ask how much resources the City wants to expend to on this effort, there may not be much of an industry to regulate after the State is done. Things may look like they have the past 10-20 years.

Commissioner Burgess agreed and to piggyback on what Commissioner Monroe said, while interacting and talking with other councilmembers who want to know what they are doing here on the commission level he thinks that if the commission agrees that the City should consider taking a pro-industry position on this issue that is something that the commission should discuss and forward a recommendation to Council, he definitely believes Council is looking to this body to make those recommendations and to justify them and support them and if they are entering into a state environment that is all but overtly opposed to or hostile to the industry the consequences not that it doesn't happen the consequence is that the industry is pushed back into a criminal element where they don't make money. Homer has a tremendous opportunity to considered being reasonably pro-industry since the people in Homer strongly voted in favor of legalization. They should consider points that the City may want to adjudicate or take legal action; it may do the city a lot of good from the tourism and notoriety standpoint. There is a lot to be said for visit the place in Alaska where they said "Hey, wait, no we wanted this and voted for it." Mr. Burgess continued by saying that no one on this commission should feel any hesitation in making that recommendation if they fell that it should be made.

Commissioner Lewis said, "The Same"

**ADJOURN**

There being no further business to come before the Commission, the meeting adjourned at 7:35 p.m. The next regular meeting is scheduled for THURSDAY, OCTOBER 22, 2015 at 5:30 p.m. in the City Hall Cowles Council Chambers.

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Renee Krause, CMC, Deputy City Clerk

Approved: \_\_\_\_\_





# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

## Planning

491 East Pioneer Avenue  
Homer, Alaska 99603

[Planning@ci.homer.ak.us](mailto:Planning@ci.homer.ak.us)

(p) 907-235-3106

(f) 907-235-3118

### Report to CAC 15-01

TO: Cannabis Advisory Commission  
FROM: Rick Abboud, City Planner  
DATE: October 22, 2015

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#### Activities:

The City Manager and I had a conversation with the City Attorney about or wishes to bring forth some options regarding taxation to the CAC. As of the date of this report, we have not received anything. I did notice that some communities did have taxation issues on the ballot. I am not sure if this would be the situation for Homer, but I would like to know just how we may have to prepare under the possible scenarios.

I was also very interested in the Borough's decision to have the Planning Commission act a licensing authority so that they would be eligible for receipt of licensing fees. I want to explore our liability exposure if we were to do this or something similar.

The Planning Commission is reviewing and will make recommendations for zoning regulations. This is a subject of the October 21<sup>st</sup> meeting. The meeting starts at 6:30pm. There are two public hearings prior to the subject of marijuana regulations. All are welcome and encouraged to attend. At this point, prior to a public hearing, verbal comments would be received at the end of the meeting.





# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

## Planning

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### Staff Report CAC 15-06

TO: Cannabis Advisory Commission  
FROM: Rick Abboud, City Planner  
DATE: October 22, 2015  
SUBJECT: Zoning

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**Introduction:** I have forwarded the zoning recommendations to the Planning Commission. They are currently under discussion and recommendations are being formed. I also have the latest set of draft state regulations. My focus was on 3 ACC 306.010, License restrictions. Additionally, we have received a request from the library to consider a buffer.

*3 ACC 306.010. License Restrictions. (a) The board will not issue a marijuana establishment license if the licensed premises will be located within 500 feet of a school, a recreation or youth center, a building in which religious services are regularly conducted or a correctional facility. The distance specified in this subsection must be measured by the shortest pedestrian route from the public entrance of the building in which the licensed premises would be located to the outer boundaries of the school, recreation or youth center, or the main public entrance of the building in which religious services are regularly conducted, or the correctional facility.*

**Analysis:** It seems that the buffer distance is uniformly applied to address varying concerns. The first is dealing with the congregation of children, but not really all that one would conservatively identify. So, this leaves us with the added recommendations of playgrounds and the library. The library is asking to apply the 500ft restriction, which could be applied from the front entrance or outer boundaries of the building (or property)? The way this is written does not make it clear. They keep mentioning building throughout, so I am guessing that is what would be measured.

I am still not satisfied that they have not gone a bit further with “the *building in which religious services are regularly conducted*” phrase. I would have liked to see something defined, perhaps insert “a building primarily used for support of religious services” or something similar. I did mention my concerns in an email to Ms. Franklin.

We do have one correctional facility. Perhaps I am missing something here, maybe a type of facility I am not thinking about. Not exactly sure who or what we are protecting here. In keeping with the 100ft recommendation from the CAC I believe our facility is already buffered.

**Staff Recommendation:** Review new draft and make recommendation if appropriate.

## **Attachments**





# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Office of the City Clerk

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Homer, Alaska 99603

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## Memorandum

TO: CANNABIS ADVISORY COMMISSION  
FROM: LIBRARY ADVISORY BOARD  
THRU: RENEE KRAUSE, CMC, DEPUTY CITY CLERK I  
DATE: OCTOBER 7, 2015  
SUBJECT: CANNABIS ZONING

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Library Director Dixon has brought forward the possible issues surrounding Cannabis and the Library.

The Library Advisory Board discussed this issue at the regular meeting October 6, 2015. The Boardmembers present believed that public libraries should be included in the category of schools since they have many programs that are focused on children, many children and minors attend the library without parents or guardians at various hours presenting many opportunities where they could be approached.

The Library Advisory Board agreed by consensus that the same Drug Free zone as schools should be used and as such felt the suggested 200 feet limit was not enough to keep marijuana or the temptation away from children and underage youth. The following motion was made:

KUSZMAUL/BROWN – MOVED TO HAVE PUBLIC LIBRARIES INCLUDED IN THE CATEGORY OF SCHOOLS REGARDING DISTANCE WHEN REGULATING MARIJUANA

There was a brief discussion on how the distance is determined and if it would include all library property.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Recommendation:

Make a motion to recommend including public libraries in the category of schools



5 3 AAC is amended by adding a new chapter to read:  
6

7 **Chapter 306. Regulation of Marijuana Industry.**  
8  
9

10 <b>Article</b>	<b>beginning page</b>
11 1. Licensing, Fees (3 AAC 306.005 - 3AAC 306.100)	1
12 2. Local Options (3 AAC 306.200 - 3AAC 306.260)	28
13 3. Retail Marijuana Stores (3 AAC 306.300 - 3AAC 306.360)	34
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23 **Article 1. Licensing, Fees.**  
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- 67

68 **3 AAC 306.005. License required.** A marijuana establishment may not operate in the  
69 state unless it has obtained the applicable marijuana establishment license from the board. The  
70 board will issue the following marijuana establishment licenses under this chapter:

71 (1) a retail marijuana store license, granting authority for activities allowed under  
72 AS 17.38.070(a), and subject to the provisions of 3 AAC 306.300 - 3 AAC 306.360 and 3 AAC  
73 306.700 - 3AAC 306.755;

74 (2) a marijuana cultivation facility license, as described in 3 AAC 306.405 –  
75 3 AAC 306.415, granting authority for activities allowed under AS 17.38.070(b), and subject to  
76 the provisions of 3 AAC 306.400 - 3 AAC 306.480 and 3 AAC 306.700 - 3AAC 306.755;

77 (3) a marijuana product manufacturing facility license, as described in 3 AAC  
78

81 306.505 and 3 AAC 306.515, granting authority for activities allowed under AS 17.38.070(c),  
82 and subject to the provisions of 3 AAC 306.500 - 3 AAC 306.570 and 3 AAC 306.700 – 3 AAC  
83 306.755; and

84 (4) a marijuana testing facility license, granting authority for activities allowed  
85 under AS 17.38.070(d), and subject to the provisions of 3 AAC 306.600 - 3 AAC 306.675 and 3  
86 AAC 306.700 - 3AAC 306.755. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

87 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
88  
89 AS 17.38.070 AS 17.38.090 AS 17.38.900  
90  
91 AS 17.38.084  
92  
93  
94

95 **3 AAC 306.010. License restrictions.** (a) The board will not issue a marijuana  
96 establishment license if the licensed premises will be located within 500 feet of a school, a  
97 recreation or youth center, a building in which religious services are regularly conducted, or a  
98 correctional facility. The distance specified in this subsection must be measured by the shortest  
99 pedestrian route from the public entrance of the building in which the licensed premises would  
100 be located to the outer boundaries of the school, recreation or youth center, or the main public  
101 entrance of the building in which religious services are regularly conducted, or the correctional  
102 facility. This section does not prohibit the renewal of an existing marijuana establishment  
103 license or the transfer of an existing marijuana establishment license to another person if the  
104 licensed premises were in use before the school, recreation or youth center, the building in which  
105 religious services are regularly conducted, or the correctional facility began use of a site within  
106 500 feet. If an existing marijuana establishment license for premises located within 500 feet of a  
107 school, a recreation or youth center, a building in which religious services are regularly  
108 conducted, or a correctional facility is revoked, or expires, the board will not issue another

111 marijuana establishment license for the same premises unless the school, the recreation or youth  
112 center, the building in which religious services are regularly conducted, or the correctional  
113 facility no longer occupies the site within 500 feet.

114 (b) The board will not issue a marijuana establishment license when a local government  
115 protests an application under 3 AAC 306.060 on the grounds that that the applicant's proposed  
116 licensed premises are located in a place within the local government where a local zoning  
117 ordinance prohibits the marijuana establishment, unless the local government has approved a  
118 variance from the local ordinance.

119 (c) The board will not issue a marijuana establishment license to a person that

120  
121 (1) is prohibited under AS 17.38.100(i) from receiving a marijuana establishment  
122 license because of a conviction of a felony; if the applicant is a partnership, limited liability  
123 company, or corporation, the board will not issue a license if any person named in 3 AAC  
124 306.020(b)(2) is prohibited under AS 17.38.100(i) from obtaining a license; in this paragraph,  
125 "conviction of a felony" includes a suspended imposition of sentence;

126 (2) has been found guilty of

127  
128 (A) selling alcohol without a license in violation of AS 04.11.010; or

129  
130 (B) selling alcohol to a minor in violation of AS 04.16.051 or

131  
132 AS 04.16.052; or

133  
134 (3) operated a marijuana delivery service, a marijuana club, or a marijuana

135 establishment illegally without a license issued under this chapter, or otherwise violated

136 AS 17.38, during the two years before the date the person files the application, unless the board

137 finds that person has diligently worked with the board to comply with all current laws and

138 regulations relating to marijuana. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900  
AS 17.38.084

142  
143 **3 AAC 306.015. License conditions.** (a) The board will issue each marijuana  
144 establishment license to a specific individual, to a partnership, including a limited partnership, to  
145 a limited liability company, to a corporation, or to a local government. A person other than a  
146 licensee may not have a direct or indirect financial interest in the business for which a marijuana  
147 establishment license is issued.

148 (b) The board will not issue a marijuana establishment license to  
149  
150 (1) an individual or a sole proprietorship unless the individual or proprietor is a  
151 resident of the state;  
152 (2) a partnership unless each partner is a resident of the state;  
153  
154 (3) a limited liability company unless the limited liability company is qualified to  
155 do business in the state, and each member of the limited liability company is a resident of the  
156 state; or  
157 (4) a corporation unless the corporation is incorporated or qualified to do  
158 business in the state, and each shareholder who owns the corporation's shares is a resident of the  
159 state.

160 (c) The board will issue each license for a specific location identified on the license as  
161 the licensed premises. A marijuana establishment must have a right to possession of its licensed  
162 premises at all times, and may not lease its licensed premises to another person for any reason. If  
163 a marijuana establishment wishes to reduce or expand the area of the licensed premises used for a  
164 marijuana establishment, the marijuana establishment must submit a new line drawing showing

167 the proposed changes to the premises, and must obtain the board's written approval. A  
168 marijuana establishment may not relocate its licensed premises to a different place. A marijuana  
169 establishment that proposes to operate in any new premises must apply for a new marijuana  
170 establishment license.

171 (d) The board will impose other conditions or restrictions on a license issued under this  
172 chapter when it finds that it is in the interests of the public to do so.

173 (e) In this section,

174 (1) "direct or indirect financial interest" means

175 (A) a legal or equitable interest in the operation of a business licensed  
176  
177 under this chapter;

178 (B) does not include a person's right to receive

179 (i) rental charges on a graduated or percentage lease-rent  
180 agreement for real estate leased to a licensee; or

181 (ii) a consulting fee from a licensee for services that are allowed  
182 under this chapter;

183 (2) "resident of the state" means a person who meets the residency requirement  
184 under AS 43.23 for a permanent fund dividend in the calendar year in which that person applies  
185 for a marijuana establishment license under this chapter. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

188 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
189  
190 AS 17.38.070 AS 17.38.090 AS 17.38.900  
191  
192 AS 17.38.084  
193  
194  
195

196 **3 AAC 306.020. Application for new license.** (a) An applicant for a new marijuana  
197 establishment license must file an application as provided in 3 AAC 306.025, on a form the



200 board prescribes, with the information and documents described in this section, along with the  
201 application fee and the annual license fee set out in 3 AAC 306.100, and the fingerprint cards  
202 and fees required by 3 AAC 306.055(a). The application must be initiated electronically; the  
203 completed application and fees may be filed electronically, or mailed or delivered to the director  
204 at the office of the board.

205 (b) An application for a new marijuana establishment license must include

206 (1) the name of the applicant and any business name the applicant will use for the  
207 proposed marijuana establishment, along with the applicant's state business license number  
208 issued under AS 43.70 and the federal employer identification number (EIN) for the proposed  
209 marijuana establishment;

211 (2) the name, mailing address, telephone number, and social security number of  
212 each proposed licensee and each affiliate of each proposed licensee; unless the context indicates  
213 otherwise, "licensee" means each individual named in an application that complies with this  
214 section; an individual to be identified as a "licensee" under this section includes

215 (A) if the applicant is an individual or a sole proprietor, the individual or  
216 sole proprietor;

217 (B) if the applicant is a partnership, including a limited partnership, each  
218 partner holding any interest in the partnership;

219 (C) if the applicant is a limited liability company, the limited liability  
220 company's registered agent, and each member holding any ownership interest; and

221 (D) if the applicant is a corporation, each owner of any of the  
222 corporation's stock

223 (E) if the applicant is a local government, an authorized official of the

226 local government.

227  
228 (3) for each applicant that is not an individual, the applicable document and  
229 information as follows:

230 (A) for a partnership, including a limited partnership, the partnership  
231 agreement, the name of each general or managing partner, and a list of all partners with  
232 percentage of ownership of each partner;

233 (B) for a limited liability company, the limited liability company  
234 agreement, and a list of all members with the percentage of ownership of each member;

235 (C) for a corporation, the certificate of incorporation, the name of each  
236 corporate officer, and a list of all shareholders with percentage of ownership of each  
237 shareholder;

238 (D) for a local government, a resolution of the governing body approving  
239 the application and designating an official responsible for the proposed marijuana establishment.

240 (4) for each person listed in compliance with paragraph (2) of this subsection, a  
241 statement of financial interest on a form the board prescribes;

242 (5) for each applicant that is not an individual, the name of the individual licensee  
243 or designated government official listed in the application under paragraph (2) of this subsection  
244 who is responsible for

245 (A) management of the marijuana establishment; and

246  
247 (B) compliance with all applicable laws;

248  
249 (6) an electronic mail address at which the applicant agrees to receive any  
250 correspondence from the board before and after it receives a license; an applicant and a licensee  
251 must ensure that any electronic mail address provided to the board is current so that the board

254 can contact the applicant or licensee at any time;

255  
256 (7) the type of license the applicant is requesting;

257  
258 (8) the address of the premises where the applicant intends to operate a marijuana  
259 establishment; and a detailed diagram of the proposed licensed premises; the diagram must show  
260 all entrances and boundaries of the premises, restricted access areas, and storage areas;

261 (9) the title, lease, or other documentation showing the applicant's right to  
262 possession of the proposed licensed premises;

263 (10) an affidavit showing where and when the applicant posted notice of the  
264 application; and proof of advertising as required in 3 AAC 306.025(b); and

265 (11) additional information required by the board as follows:

266  
267 (A) for a retail marijuana store, the information required under 3 AAC  
268 306.315;

269  
270 (B) for a marijuana cultivation facility, the information required under  
271 3 AAC 306.420;

272  
273 (C) for a marijuana product manufacturing facility, the information  
274 required under 3 AAC 306.520; and

275 (D) for a marijuana testing facility, the information required under 3 AAC  
276 306.615.

277  
278 (c) A marijuana establishment license application must include the applicant's operating  
279 plan, in a format the board prescribes, describing, to the board's satisfaction, the proposed  
280 marijuana establishment's plans for

281  
282 (1) security;

283  
284 (2) inventory tracking of all marijuana and marijuana product on the premises;

- 288 (3) employee qualification and training;  
289  
290 (4) waste disposal;  
291  
292 (5) transportation and delivery of marijuana and marijuana products; and  
293  
294 (6) signage and advertising.  
295  
296 (d) An application for a marijuana establishment license must be signed by  
297  
298 (1) the applicant, if the applicant is an individual;  
299  
300 (2) an authorized general partner if the applicant is a partnership, including a  
301 limited partnership;  
302  
303 (3) the registered agent or a member who owns at least 10 percent of the limited  
304 liability company if the applicant is a limited liability company;  
305  
306 (4) the authorized officers of the corporation if the applicant is a corporation; or  
307  
308 (5) a designated official if the applicant is a local government.  
309 (e) Each person signing an application for a marijuana establishment license must  
310 declare under penalty of unsworn falsification that  
311  
312 (1) the application is true, correct, and complete;  
313  
314 (2) the applicant has read and is familiar with AS 17.38 and this chapter; and  
315  
316 (3) the applicant will provide all information the board requires in support of the  
317 application. (Eff. \_\_/ \_\_/\_\_\_\_\_, Register\_\_\_\_\_)

316 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
317  
318 AS 17.38.070 AS 17.38.090 AS 17.38.900  
319  
320 AS 17.38.084  
321  
322  
323

324 **Editor's note:** Forms and instructions for filing an application for a marijuana  
325 establishment license can be obtained online at the Marijuana Control Board's website or at the  
326 board's office. The board's Internet address is [www.commerce.alaska.gov/web/abc/](http://www.commerce.alaska.gov/web/abc/)  
327 and its office is at 550 West 7th Ave. Suite 1600, Anchorage, AK 99501. The board's telephone

330 number is (907)269-0350.

331  
332 **3 AAC 306.025. Application procedure.** (a) An applicant shall initiate a new

333 marijuana establishment license application on a form the board prescribes, using the board's  
334 electronic system.

335 (b) As soon as practical after initiating a new marijuana license application, the applicant  
336 shall give notice of the application to the public by

337 (1) posting a copy of the application, on the form the board prescribes, for 10  
338  
339 days at

340 (A) the location of the proposed licensed premises; and

341 (B) one other conspicuous location in the area of the proposed premises;

342  
343 and

344 (2) publishing an announcement once a week for three consecutive weeks in a  
345 newspaper of general circulation in the area; in an area where no newspaper circulates, by

346 announcements on a radio station serving the local area where the proposed licensee seeks to

347 operate twice a week for three successive weeks during triple A advertising time; the newspaper  
348 or radio notice must state

349 (A) the name of the applicant;

350 (B) the name and location of the proposed premises;

351 (C) the type of license applied for along with a citation to a provision of  
352 this chapter authorizing that type of license; and

353 (D) a statement that any comment or objection may be submitted to the  
354 board; and

355 (3) submitting a copy of the application on the form the board prescribes to  
356

366 (A) the local government; and

367  
368 (B) any community council in the area of the proposed licensed premises.

369  
370 (c) After the applicant completes the notice requirements in (b) of this section and  
371 submits each remaining application requirement listed in 3 AAC 306.020, the applicant shall pay  
372 the application and licensing fees set out in 3 AAC 306.100. The applicant must then use the  
373 board's electronic system to inform the board that the applicant has submitted a complete  
374 application.

375 (d) When the director receives an application for a marijuana establishment license, the  
376 director shall determine if the application is complete. Any application for a marijuana  
377 establishment license that the director receives without the application fee is incomplete. If the  
378 director determines the application is complete, the director shall immediately give written notice  
379 to

380 (1) the applicant;

381  
382 (2) the local government in the area in which the applicant's proposed licensed  
383 premises are located;

384 (3) the community council if the proposed licensed premises are located within  
385 the boundary of a community council established by municipal charter or ordinance; and

386 (4) any nonprofit community organization that has requested notification in  
387 writing.

388  
389 (e) If an application for a marijuana establishment license is incomplete, the director  
390 shall notify the applicant, and will either

391  
392 (1) return an incomplete application in its entirety; or

393  
394 (2) request the applicant to provide additional, identified items needed to

397 complete the application.

398  
399 (f) When the director informs an applicant that its application is incomplete as provided  
400 in (e) of this section, the applicant must complete the application not later than 90 days after the  
401 date of the director's notice. If an applicant fails to complete its application during the 90 day  
402 period after the director's notice, the applicant shall file a new application and pay a new  
403 application fee to obtain a marijuana establishment license. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

404 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
405  
406 AS 17.38.070 AS 17.38.090 AS 17.38.900  
407  
408 AS 17.38.084  
409  
410  
411

412 **3 AAC 306.030. Petition for license in area with no local government.** (a) The board  
413 will not approve a new license in an area outside, but within 50 miles of, the boundary of a local  
414 government unless the board receives a petition to issue the license signed by a majority of the  
415 permanent residents residing within one mile of the proposed premises.

416 (b) The board will not approve a new license in an area that is 50 miles or more from the  
417 boundary of a local government unless the board receives a petition to issue the license  
418 containing the signatures of two-thirds of the permanent residents residing within a radius of five  
419 miles of the United States post office station nearest to the proposed licensed premises. If there  
420 is no United States post office station within a radius of five miles of the proposed licensed  
421 premises, the petition must be signed by two-thirds of the permanent residents residing within a  
422 five mile radius of the proposed licensed premises.

423 (c) A petition authorized by this section must be on a form the board prescribes. The  
424 applicant must obtain the required signatures within the 90 day period immediately before  
425 submitting the petition to the board. A signature may not be added to or removed from the

428 petition after the board has approved the application.

429  
430 (d) In this section, "permanent resident" means a person 21 years of age or older who has  
431 established a permanent place of abode. A person may be a permanent resident of only one  
432 place. (Eff. \_\_\_/\_\_\_/\_\_\_\_, Register\_\_\_\_\_)

433 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
434  
435 AS 17.38.070 AS 17.38.090 AS 17.38.900  
436  
437 AS 17.38.084  
438  
439  
440

441 **3 AAC 306.035. Application for renewal of license.** (a) On or before May 1 of each  
442 year, the director shall send notice that a marijuana establishment must file a renewal application  
443 not later than June 30 of the current year. The director shall send the notice to the marijuana  
444 establishment's electronic mailing address on file with the board. The notice will include a  
445 hyperlink for the marijuana establishment to access the electronic renewal application by means  
446 of the internet, along with instructions on using and submitting the form. The marijuana  
447 establishment must submit the completed renewal application electronically, along with the  
448 license renewal fee, to the director no later than June 30 of each year; if June 30 falls on a  
449 Saturday or Sunday, the deadline is extended to 4:30 p.m. on the first business day following  
450 June 30. A marijuana establishment must maintain a current electronic mailing address on file  
451 with the director. A marijuana establishment is not excused from filing a renewal application as  
452 required in this section even if the marijuana establishment fails to receive a renewal notice from  
453 the director.

454 (b) A marijuana establishment's renewal application must

455 (1) identify the license sought to be renewed by license number, license type,  
456 establishment name, and premises address;  
457



461 (2) provide the information required for a new license application under 3 AAC  
462 306.020(b)(1)-(9);

463 (3) report any change from the marijuana establishment's new license application  
464 or last renewal application, and pay the fee as provided in 3 AAC 306.100 for board review of  
465 any change in

466 (A) the name of the marijuana establishment business;

467 (B) the licensed premises from the last diagram submitted; and  
468

469 (C) the marijuana establishment's operating plan;  
470

471 (D) any new product a licensed marijuana product manufacturing facility  
472 wishes to produce;

473  
474 (4) report, for each licensee listed in 3 AAC 306.020(b)(2),

475 (A) any criminal charge on which that licensee has been convicted in the  
476 previous two calendar years; and  
477

478 (B) any civil violation of AS 04, AS 17.38, or this chapter in the previous  
479 two calendar years; and

480 (5) declare under penalty of unsworn falsification that

481 (A) the application is true, correct and complete;

482 (B) the applicant has read and is familiar with AS 17.38 and this chapter;

483 and  
484

485 (C) the applicant will provide all information the board requires in  
486 support of the renewal application.  
487

488 (c) If the director determines that the renewal application is complete, the director shall  
489 immediately give written notice of a renewal application to

493 (1) the applicant;

494  
495 (2) the local government in the area in which the applicant's proposed licensed  
496 premises are located;

497 (3) the community council if the proposed licensed premises are located within  
498 the boundary of a community council established by municipal charter or ordinance; and

499 (4) any nonprofit community organization that has requested notification in  
500 writing.  
501

502  
503 (d) The director may require an applicant for renewal of a license under this chapter to  
504 submit fingerprints and pay fees as required by 3 AAC 306.055(a).

505 (e) A licensee that does not deliver a renewal application to the director on or before  
506 June 30 of each year is delinquent, and must pay a non-refundable \$1,000 late renewal  
507 application fee with the renewal application.

508 (f) On or before August 15 of each year, the director shall deliver a notice of expiration  
509 to each marijuana establishment that has not filed a complete application for renewal of a license,  
510 along with any applicable affidavit and the required fee, unless the marijuana establishment has  
511 notified the director that it does not intend to seek a renewal of its license. The director shall  
512 deliver the notice of expiration to the electronic mail address the marijuana establishment has  
513 provided to the director. A marijuana establishment is not excused from filing a license renewal  
514 application not later than August 31 of each year even if the marijuana establishment does not  
515 receive the notice of expiration described in this section.

516 (g) If a marijuana establishment fails to deliver a complete license renewal application,  
517 or fails to pay the required renewal fee and the late renewal application fee on or before August  
518 31 of each year, that marijuana establishment license expires at 12:00 midnight on August 31 of

521 that year. A holder of an expired license shall immediately return the license to the board. Any  
522 holder of an expired license that seeks authority to operate must file a complete new application  
523 under 3 AAC 306.020, and 3 AAC 306.025, along with the required fees. The board will not  
524 issue a new license for the same premises to the holder of an expired license unless the expired  
525 license holder's new application contains proof satisfactory to the board of good cause for the  
526 failure to file a license renewal application. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

527 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
528  
529 AS 17.38.070 AS 17.38.090 AS 17.38.900  
530  
531 AS 17.38.084  
532  
533  
534

535 **3 AAC 306.040. Ownership change to be reported.** (a) A licensed marijuana  
536 establishment shall, not later than 10 days after an ownership change as described in this section,  
537 report the change on a form prescribed by the board. In this section, an ownership change means

538 (1) if the licensee is a partnership, including a limited partnership,  
539 any change in the identity of the partners, or in the ownership percentages held by any partners;  
540

541 (2) if the licensee is a limited liability company, any change in the identity of the  
542 members, or in the ownership percentage held by any member; or  
543

544 (3) if the licensee is a corporation, any sale of corporate stock to a person not  
545 currently an owner, or any change of the percentage ownership of an existing shareholder.

546 (b) If any change required to be reported under this section will result in a change in  
547 controlling interest of the marijuana establishment license, the marijuana establishment must file  
548 an application for transfer of license to another person under 3 AAC 306.045. (Eff. \_\_\_\_/\_\_\_\_  
549 /\_\_\_\_, Register \_\_\_\_)

550 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
551

555 AS 17.38.070 AS 17.38.090 AS 17.38.900

556

557 AS 17.38.084

558

559 **3 AAC 306.045. Application for transfer of a license to another person.** (a) A

560 person may not receive or transfer a marijuana establishment license or a controlling interest in a  
561 marijuana establishment license issued to a partnership, including a limited partnership, a limited  
562 liability company, a corporation or a local government, without applying for and receiving the  
563 written consent of the board. Transfer of a license includes a sale of all or part of the interest of  
564 an individual owner.

565 (b) An application for transfer of a marijuana establishment license, or of a controlling  
566 interest in a marijuana establishment license issued to a partnership, a limited liability company,  
567 a corporation or a local government, must be filed in writing on a form the board prescribes, in  
568 compliance with the application procedure set out in 3 AAC 306.025. The application must  
569 name the current holder of the marijuana establishment license and the proposed transferee,  
570 including all persons listed in 3 AAC 306.020 if the transferee is a partnership, limited liability  
571 company, a corporation, or a local government. The application must contain the following  
572 information:

573 (1) the same information about each transferee as is required of an applicant for a  
574 new license under 3 AAC 306.020;

575 (2) a statement, under oath, executed by the current holder of the marijuana  
576 establishment license, listing all debts of the business, all taxes the business owes, current  
577 contact information for each creditor, and an affirmation that the current holder of the marijuana  
578 establishment license has submitted a copy of the transfer application to all creditors; and

579 (3) any other information required by the board for the type of marijuana

582 establishment license sought to be transferred.

583  
584 (c) When the board receives a complete application for transfer of a license to another  
585 person, the director shall immediately send written notice of the proposed transfer to

586 (1) each listed creditor of the current holder of the marijuana establishment  
587 license, along with the amount shown as owed to that creditor;

588 (2) the local government in the area in which the licensed premises are located;

589  
590 (3) the community council if the licensed premises are located within the  
591 boundary of a community council established by municipal charter or ordinance; and

592 (4) any nonprofit community organization that has requested notification in  
593 writing.  
594

595  
596 (d) A current holder of a marijuana establishment license must submit a license renewal  
597 application before or at the same time as an application for a transfer of a marijuana  
598 establishment license that is submitted after April 30 and before July 1. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_,  
599 Register\_\_\_\_)

600 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100

601 AS 17.38.070 AS 17.38.090 AS 17.38.900

602 AS 17.38.084

603

604

605

606 **3 AAC 306.050. Relocation of licensed premises not allowed.** A marijuana

607 establishment license may not be relocated to any other premises. A holder of a marijuana

608 establishment license that wishes to operate a marijuana establishment at a different location

609 must submit a new application for any new premises, and must surrender an existing license for

610 any premises where the marijuana establishment does not intend to continue its operation. (Eff.

611 \_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900  
AS 17.38.084

615  
616 **3 AAC 306.055. Criminal justice information and records.** (a) When filing an  
617 application for a new marijuana establishment license or transfer of a license, the applicant,  
618 including each individual listed in 3 AAC 306.020(b)(2), must submit the person's fingerprints  
619 and the fees required by the Department of Public Safety under AS 12.62.160 for criminal justice  
620 information and a national criminal history record check.

621 (b) The director shall submit the fingerprints to the Department of Public Safety to  
622 obtain a report of criminal justice information under AS 12.62 and a national criminal history  
623 record check under AS 12.62.400. The board will use the information obtained under this  
624 section to determine if an applicant is qualified for a marijuana establishment license.

625 (c) In this section, "criminal justice information" has the meaning given in AS 12.62.900.  
626 (Eff. \_\_\_/\_\_\_/\_\_, Register \_\_\_\_\_)

627 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
628  
629 AS 17.38.070 AS 17.38.090 AS 17.38.900  
630  
631 AS 17.38.084  
632  
633  
634

635 **3 AAC 306.060. Protest by local government.** (a) Not later than 60 days after the  
636 director sends notice of an application for a new marijuana establishment license, renewal of a  
637 marijuana establishment license, or transfer of a marijuana establishment license to another  
638 person, a local government may protest the application by sending the director and the applicant  
639 a written protest and the reasons for the protest. The director may not accept a protest received  
640 after the 60-day period. If a local government protests an application for a new or renewal

643 license or for a transfer of a license to another person, the board will deny the application unless  
644 the board finds that the protest is arbitrary, capricious, and unreasonable.

645 (b) A local government may recommend that the board approve an application for a new  
646 license, renewal of a license, or transfer of a license to another person subject to a condition.

647 The board will impose a condition a local government recommends unless the board finds the  
648 recommended condition is arbitrary, capricious, and unreasonable. If the board imposes a  
649 condition a local government recommends, the local government shall assume responsibility for  
650 monitoring compliance with the condition unless the board provides otherwise.

651 (c) If a local government determines that a marijuana establishment has violated a  
652 provision of AS 17.38, this chapter, or a condition the board has imposed on the licensee, the  
653 local government may notify the board. Unless the director finds that the local government's  
654 notice is arbitrary, capricious, and unreasonable, the director will prepare the determination as an  
655 accusation against the licensee under AS 44.62.360 and conduct proceedings to resolve the  
656 matter as provided under 3 AAC 306.820. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_\_\_)

657 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
658  
659 AS 17.38.070 AS 17.38.090 AS 17.38.900  
660  
661 AS 17.38.084  
662  
663  
664

665 **3 AAC 306.065. Public participation.** A person may object to an application for a new  
666 license, renewal of a license, or transfer of a license to another person by submitting a written  
667 statement of reasons for the objection to the board and the applicant not later than 30 days after  
668 notice of the application, but no later than the deadline for objections stated in a posted or  
669 published notice of the application. The objection must be sent to the applicant at the mailing  
670 address or electronic mail address provided in the notice of application. If the board determines

673 to conduct a public hearing under this section, an interested person may give oral testimony at  
674 the public hearing. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

675 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
676  
677 AS 17.38.070 AS 17.38.090 AS 17.38.900  
678  
679 AS 17.38.084  
680

681 **3 AAC 306.070. Hearing on public protest.** The board may, on its own initiative or in  
682 response to an objection or protest, hold a hearing to ascertain the reaction of the public or a  
683 local government to an application. The director will send notice of a hearing not later than 20  
684 days before the hearing date to each person that has filed an objection, to each local government  
685 that has filed a protest, to each community council in the area of the proposed premises, and to  
686 any nonprofit community organization that has requested notice. Any interested person may be  
687 heard at a hearing under this subsection. Unless the applicant and the board waive this  
688 requirement, the board will hold the hearing in the area where the proposed licensed premises are  
689 located, or will arrange for telephonic appearances. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

690 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
691  
692 AS 17.38.070 AS 17.38.090 AS 17.38.900  
693  
694 AS 17.38.084  
695  
696  
697

698 **3 AAC 306.075. Procedure for action on license application.** (a) The board will  
699 decide whether to grant or deny an application not later than 90 days after receiving the complete  
700 application. However, the board will not grant or deny the application before

701 (1) the time allowed for a protest under 3 AAC 306.060, unless the local  
702 government waives its right to protest; or

703 (2) the time allowed for an objection under 3 AAC 306.065 has elapsed.



706 (b) Not later than 7 days before the date set for board action on an application for a new  
707 license, renewal of a license, or transfer of a license to another person, the director will post a  
708 meeting agenda listing the matters scheduled for action at that meeting. The board may review  
709 an application for a new license, renewal of a license, or transfer of a license to another person,  
710 without additional notice to the applicant.

711 (c) The board will consider any written objection, protest, suggested condition, or  
712 petition, and any testimony received at a hearing on public protest held under 3 AAC 306.070  
713 when it considers the application. The director will retain the written objection, protest, or  
714 suggested condition or petition, and the hearing record as part of the permanent record of the  
715 board's review of an application. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)

716 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
717 AS 17.38.070 AS 17.38.090 AS 17.38.900  
718 AS 17.38.084  
719  
720

721 **3 AAC 306.080. Denial of license application.** (a) After review of the application,  
722 including the applicant's proposed operating plan and all relevant information, the board will  
723 deny an application for a new license if the board finds that  
724

725 (1) the application is not complete as required under the applicable provisions of  
726 3 AAC 306.020 - 3 AAC 306.055, or contains any false statement of material fact; or

727 (2) the license would violate any restriction in 3 AAC 306.010; or

728 (3) the license would violate any restriction applicable to the particular license  
729 type authorized under this chapter;  
730

731 (4) the license is prohibited under this chapter as a result of an ordinance or  
732 election conducted under AS 17.38.110, 3 AAC 306.200, or 3 AAC 306.230;

736 (5) the board finds that the operating plan does not adequately demonstrate that  
737 the applicant will comply with applicable provisions of this chapter; or

738 (6) the license would not be in the interest of the public.

739  
740 (b) After review of the application and all relevant information, the board will deny an  
741 application for renewal of a marijuana establishment license if the board finds

742 (1) any cause listed in (a) of this section;

743  
744 (2) that the license has been revoked for any cause;

745  
746 (3) that the license has been operated in violation of a condition or restriction the  
747 board previously imposed; or

748 (4) that the applicant is delinquent in the payment of taxes due in whole or in part  
749 from operation of the licensed business.

750 (c) After review of the application and all relevant information, the board will deny an  
751 application for transfer of license to another person if the board finds

752 (1) any cause listed in (a) of this section;

753  
754 (2) that the transferor has not paid all debts or taxes arising from the operation of  
755 the business licensed under this chapter unless the transferor gives security for the payment of  
756 the debts or taxes satisfactory to the creditor or taxing authority;

757 (3) that transfer of the license to another person would result in violation of the  
758 provisions of this chapter relating to identity of licensees and financing of licensees; or

759 (4) that the prospective transferee does not have the qualifications of an original  
760 applicant required under this chapter.

761 (d) If the board denies an application for a new license, renewal of a license, or transfer  
762 of a license to another person, the board will, not later than 15 days after the board meeting at

765 which the application was denied, furnish a written statement of issues to the applicant,  
766 explaining the reason for the denial in clear and concise language, and identifying any statute or  
767 regulation on which the denial is based. The notice of denial will inform the applicant of the  
768 right to an informal conference under 3 AAC 306.085, and to a formal hearing under 3 AAC  
769 306.090. (Eff.\_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)  
770

**Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900  
AS 17.38.084

771  
772 **3 AAC 306.085. Informal conference.** (a) An applicant for a new license, renewal of a  
773 license, or transfer of a license to another person that is aggrieved by an action of the board  
774 denying the application may, no later than 15 days after the date of the written notice of denial,  
775 request an informal conference with the director or the board. An informal conference requested  
776 under this section must be held at a time and place convenient to the applicant and the board, but  
777 not later than the next scheduled meeting of the board. An informal conference may be  
778 conducted telephonically.

779 (b) If the informal conference does not resolve the matter to the applicant's satisfaction,  
780 the applicant may, within 15 days after the last day of the informal conference, request a formal  
781 hearing under 3 AAC 306.090 by filing a notice of defense in compliance with AS 44.62.380(b).  
782 (Eff.\_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)

783 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
784  
785 AS 17.38.070 AS 17.38.090 AS 17.38.900  
786  
787 AS 17.38.084  
788  
789  
790

791 **3 AAC 306.090. Formal hearing.** An applicant for a new license, renewal of a license,

794 or transfer of a license that is aggrieved by an action of the board denying the application may  
795 request a formal hearing by filing a notice of defense in compliance with AS 44.62.380 within 15  
796 days after the date of the written notice of the denial, or as provided in 3 AAC 306.085(b) if the  
797 applicant requested and participated in an informal conference. Failure to file a notice of defense  
798 as provided in this section constitutes a waiver of the right to a formal hearing.

799 (b) When an aggrieved person requests a hearing under the section, the Office of  
800 Administrative Hearings will conduct the hearing in compliance with due process, the Alaska  
801 Administrative Procedure Act, AS 44.62.330 – AS 44.62.630, and the applicable regulations  
802 adopted by the Office of Administrative Hearings at 2 AAC 64.100 - 2 AAC 64.990. (Eff.

803 \_\_\_/\_\_\_/\_\_\_, Register\_\_\_\_)  
804

**Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900  
AS 17.38.084

805 **3 AAC 306.095. Appeals.** (a) An aggrieved applicant or marijuana establishment  
806 license holder may appeal to the board regarding any action of the director, or an employee or  
807 agent of the board regarding an application for a new license, a license renewal, or a transfer of  
808 license to another person.  
809

810 (b) An applicant or marijuana establishment license holder aggrieved by a final decision  
811 of the board regarding an application for a new license, a license renewal, or a transfer of license  
812 to another person may appeal to the superior court under AS 44.62.560. (Eff. \_\_\_ / \_\_\_ / \_\_\_ ,  
Register\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900

816 AS 17.38.084  
817

818 **3 AAC 306.100. Fees, refund.** (a) The non-refundable application fee for a new

819 marijuana establishment license or an application to transfer a license to another person is \$1000.

820 (b) The non-refundable application fee for a license renewal application is \$600; if a  
821 renewal application is late as provided under 3 AAC 306.035(e), an additional late renewal  
822 application fee is \$1000.

823 (c) The nonrefundable fee to request board approval of a change in a licensed marijuana  
824 establishment's business name, licensed premises diagram, operating plan, or proposed new  
825 marijuana product is \$250; a change fee does not apply to an application for transfer of a license  
826 to another person.

827 (d) The annual license fee, to be paid with each application for a new marijuana  
828 establishment facility license and each license renewal application is

829 (1) for a marijuana retailer license, \$5000;

830 (2) for a limited marijuana cultivation facility license, \$1000;

831 (3) for a marijuana cultivation facility license, \$5000;

832 (4) for a marijuana cultivator's broker license, \$5000;

833 (5) for a marijuana extract only manufacturing facility license, \$1000;

834 (6) for a marijuana product manufacturing facility license, \$5000;

835 (7) for a marijuana testing facility license, \$1000.  
836

837 (e) The fee for a marijuana handler permit card is \$50.  
838

839 (f) If the board denies an application for a license or for renewal of a license, the board  
840 will refund the annual license fee. The board will not refund a license fee after the license has  
841 been issued.  
842  
843  
844  
845  
846  
847

850 (g) Processing fees for late renewal after failure to pay taxes are as follows:

851  
852 (1) if a licensee pays its delinquent tax after a local government protests renewal  
853 of the license, but before the board denies license renewal, \$200;

854 (2) if a licensee pays its delinquent tax after appealing the board's denial of a  
855 license renewal, but before a hearing officer is appointed to hear the applicant's appeal, \$500;

856 (3) if a licensee pays its delinquent tax after appealing the board's denial of a  
857 license renewal, but before the administrative hearing begins, \$5000; and

858 (4) if a licensee pays its delinquent tax after an administrative hearing that results  
859 in a hearing officer recommendation to deny the license renewal, \$10,000. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_,  
860 Register\_\_\_\_)

861 <b>Authority:</b>	AS 17.38.010	AS 17.38.087	AS 17.38.100
862	AS 17.38.070	AS 17.38.090	AS 17.38.900
863			
864	AS 17.38.084		
865			
866			

867  
868 **Article 2. Local Options.**

869  
870 **Section**

871  
872 200. Local options

873  
874 210. Change of local option

875  
876 220. Removal of local option

877  
878 230. Procedure for local option election

879  
880 240. Prohibition of importation or purchase after election

881  
882 250. Effect on licenses of restriction on sale

883  
884 260. Notice of the results of a local option election

885  
886 **3 AAC 306.200. Local options.** (a) If a majority of the persons voting on the question

889 vote to approve the option, or if a local government's assembly or city council passes an  
890 ordinance to the same effect, the local government shall adopt a local option to prohibit

891 (1) the sale of marijuana and any marijuana product;

892  
893 (2) the operation of any marijuana establishment, including one or more of the

894 following license types:

895 (A) a retail marijuana store;

896  
897 (B) a marijuana cultivation facility;

898  
899 (C) a marijuana product manufacturing facility; or

900  
901 (D) a marijuana testing facility;

902  
903 (3) the sale or importation for sale of marijuana and any marijuana product.

904  
905 (b) A ballot question to adopt a local option under this section must at least contain  
906 language substantially similar to: "Shall (name of local government) adopt a local option to  
907 prohibit (local option under (a) of this section)? (yes or no)."

908 (c) The ballot for an election on the options set out in (a)(2) of this section must include  
909 a brief explanation of the activity that each license type on the ballot may carry out.

910 (d) If a local government dissolves under AS 29.06.450, any marijuana establishment  
911 license issued to that local government expires when the local government dissolves.

912 (e) A local government may not prohibit the personal use and possession of marijuana  
913 and marijuana products as authorized under AS 17.38.020.

914 (f) Nothing in 3 AAC 306.200 – 3 AAC 306.260 precludes a local government from  
915 applying for a marijuana establishment license under other provisions of this chapter. (Eff.

916 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_\_\_)

917  
918 **Authority:** AS 17.38.020 AS 17.38.100 AS 17.38.900

922 AS 17.38.090 AS 17.38.110

923  
924 **3 AAC 306.210. Change of local option.** If a majority of persons voting on the  
925 question vote to approve a local option different from one previously adopted under this section  
926 and currently in effect, or if the local government's assembly or city council passes an ordinance  
927 to the same effect, the local government shall change the local option to the newly approved  
928 option. A ballot question to change a local option under this section must at least contain  
929 language substantially similar to: "Shall (name of local government) change the local option  
930 currently in effect, that prohibits (current local option), and adopt in its place a local option to  
931 prohibit (proposed local option)? (yes or no)." (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

932 **Authority:** AS 17.38.020 AS 17.38.100 AS 17.38.900  
933  
934 AS 17.38.090 AS 17.38.110  
935  
936

937 **3 AAC 306.220. Removal of local option.** (a) If a majority of the persons voting on the  
938 question vote to remove a local option previously adopted under this section and currently in  
939 effect, or if a local government's assembly or city council passes an ordinance to the same effect,  
940 that local option is repealed effective the first day of the month after the election is certified. A  
941 ballot question to remove a local option under this section must at least contain language  
942 substantially similar to: "Shall (name of local government) remove the local option currently in  
943 effect, that prohibits (current local option), so that no local option continues in effect? (yes or  
944 no)."

945 (b) When issuing a license within the boundaries of a local government that has removed  
946 a local option, the board will give priority to any formerly licensed applicant whose license was  
947 not renewed because of the results of the previous local option election. However, an applicant  
948 described in this subsection does not have a legal right to a license and the board is not required



951 to approve the application. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)  
952

**Authority:** AS 17.38.020 AS 17.38.100 AS 17.38.900  
AS 17.38.090 AS 17.38.110

953  
954 **3 AAC 306.230. Procedure for local option election.** (a) When a local government  
955 receives a petition to adopt, change, or remove a local option, and the petition is signed by a  
956 number of registered voters equal to 25 percent or more of the number of votes cast at the last  
957 regular municipal election, the local government shall place the issue that is the subject of the  
958 petition on a separate ballot at the next regular election, or hold a special election. The local  
959 government shall conduct the election in compliance with its election ordinance.

960 (b) In a general law local government, AS 29.26.110 – AS 29.26.160 apply to a petition  
961 under (a) of this section except that

962 (1) an application filed under AS 29.26.110 must at least contain language  
963 substantially similar to the questions set out under 3 AAC 306.200(b), 3 AAC 306.210, or  
964 3 AAC 306.220(a) rather than language of an ordinance or resolution;

965 (2) a petition must at least contain language substantially similar to the questions  
966 set out under 3AAC 306.200(b), 3 AAC 306.210, or 3 AAC 306.220(a) rather than material  
967 required under AS 29.26.120(a)(1) and (2).

968 (c) Notwithstanding any other provisions of law, a local government may not conduct an  
969 election to change to a less restrictive option under 3 AAC 306.210, or to remove a local option  
970 under 3 AAC 306.220, or pass an ordinance to the same effect, during the first 24 months after  
971 the local option was adopted or more than once in a 36-month period, except that if an original  
972 prohibition was passed by ordinance, an election as set forth in this article to change the  
973 ordinance may be conducted within the 36 month period following the passage of the ordinance.

976 (d) Notwithstanding AS 29.26.140(a), after a petition has been certified as sufficient to  
977 meet the requirements of (a) or (b) of this section, no other petition may be filed or certified until  
978 after the question presented in the first petition has been voted on or the local government has  
979 passed an ordinance to the same effect. Only one local option question may be presented in an  
980 election. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)

981 **Authority:** AS 17.38.020 AS 17.38.100 AS 17.38.900  
982  
983 AS 17.38.090 AS 17.38.110  
984  
985

986 **3 AAC 306.240. Prohibition of importation or purchase after election.** (a) If a  
987 majority of the voters vote to prohibit the importation for sale of marijuana and any marijuana  
988 product under 3 AAC 306.200(a)(3), or if the local government’s assembly or city council passes  
989 an ordinance to the same effect, a person, beginning on the first day of the month after the results  
990 of the election are certified, may not knowingly bring, send, or transport marijuana or marijuana  
991 products for sale into the area within the boundary of the local government.

992 (b) A person who resides within the boundary of a local government that has adopted a  
993 local option under 3 AAC 306.200(a) may not purchase marijuana or a marijuana product from  
994 another person that has brought, sent, or transported marijuana or a marijuana product into the  
995 local government for sale in violation of the local option.

996 (c) Notwithstanding (a) or (b) of this section, a licensed marijuana establishment may  
997 transport marijuana or any marijuana product through the boundaries of a local government that  
998 has prohibited importation or purchase of marijuana if the marijuana or marijuana product is  
999 shipped with an attached transport manifest created in compliance with 3 AAC 306.750 and  
1000 documenting that the shipment originates and terminates in a place that does not prohibit  
1001 importation and purchase of marijuana or a marijuana product.

1004 (d) In this section,  
1005  
1006 (1) "bring" means to carry or convey or to attempt or solicit to carry or convey;  
1007  
1008 (2) "send" means to cause to be taken or distributed or to attempt or solicit or  
1009 cause to be taken or distributed, and includes use of the United States Postal Service;  
1010  
1011 (3) "transport" means to ship by any method, and includes delivering or  
1012 transferring or attempting or soliciting to deliver or transfer marijuana or marijuana products to  
1013 be shipped to, delivered to, or left or held for pickup by any person. (Eff. \_ /\_\_\_/\_\_\_\_,  
1014 Register\_\_\_\_\_)

1014 **Authority:** AS 17.38.020 AS 17.38.100 AS 17.38.900  
1015  
1016 AS 17.38.090 AS 17.38.110  
1017

1018 **3 AAC 306.250. Effect on licenses of restriction on sale.** If a majority of the voters  
1019 vote under 3 AAC 306.200(a) to prohibit sale of marijuana and marijuana products or the  
1020 operation of marijuana establishments, or if the assembly or city council passes an ordinance to  
1021 the same effect, the board may not issue, renew, or transfer to another person, a license for a  
1022 marijuana establishment with premises located within the boundary of the local government or in  
1023 the unincorporated area within ten miles of the boundaries of the local government. A license  
1024 for a marijuana establishment within the boundary of the local government or in the  
1025 unincorporated area within ten miles of the boundary of the local government is void 90 days  
1026 after the results of the election are certified. A license that expires during the 90 days after the  
1027 certification of a local option election may be extended until it is void under this section, by  
1028 payment of a prorated portion of the annual license fee. (Eff.\_\_\_\_/\_\_\_/\_\_\_\_, Register\_\_\_\_\_)

**Authority:** AS 17.38.020 AS 17.38.100 AS 17.38.900  
AS 17.38.090 AS 17.38.110

1031 **3 AAC 306.260. Notice of the results of a local option election.** (a) If a majority of  
1032 the voters vote to adopt, change, or remove a local option under 3 AAC 306.200 - 3 AAC  
1033 306.220 or if the assembly or city council passes an ordinance to the same effect:

1034 (1) the clerk of the local government shall notify the board of the results of the  
1035 election or of the passage of the ordinance immediately after the results of the election are  
1036 certified or the ordinance is formally adopted;

1037 (2) the local government shall post public notice of the prohibition in a central  
1038 location within the boundary of the local government before the date the prohibition becomes  
1039 effective; and

1040 (3) the board shall immediately notify the Department of Law and the  
1041 Department of Public Safety of the results of the election. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

1043 **Authority:** AS 17.38.020 AS 17.38.100 AS 17.38.900  
1044  
1045 AS 17.38.090 AS 17.38.110  
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1049  
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### 1051 **Article 3. Retail Marijuana Stores.**

#### 1052 **Section**

- 1053 300. Retail marijuana store license required
- 1054
- 1055 305. Retail marijuana store privileges
- 1056
- 1057 310. Acts prohibited at retail marijuana store
- 1058
- 1059 315. Application for retail marijuana store license
- 1060
- 1061 320. Marijuana handler permit required
- 1062
- 1063 325. Access restricted at marijuana retail store
- 1064
- 1065 330. Marijuana inventory tracking system
- 1066
- 1067

- 1070 335. Health and safety requirements
- 1071
- 1072 340. Testing required for marijuana and marijuana products
- 1073
- 1074 345. Packaging and labeling
- 1075
- 1076 350. Identification requirement to prevent sale to person under 21
- 1077
- 1078 355. Limit on quantity sold
- 1079
- 1080 360. Restriction on advertising of marijuana and marijuana products
- 1081

1082 **3 AAC 306.300. Retail marijuana store license required.** (a) Except as permitted  
1083 under AS 17.38.020, a person may not sell, give, distribute, deliver, or offer to sell, give,  
1084 distribute, or deliver marijuana or any marijuana product to a consumer unless the person has  
1085 obtained a retail marijuana store license from the board in compliance with this chapter, or is an  
1086 employee or agent acting for a licensed retail marijuana store operating in compliance with this  
1087 chapter. A person seeking a retail marijuana store license must

1088 (1) submit an application for a retail marijuana store license on a form the board  
1089 prescribes, including the information set out at 3 AAC 306.020 and 3 AAC 306.315; and

1090 (2) demonstrate, to the board's satisfaction, that the applicant will operate in  
1091 compliance with

1092 (A) each applicable provision of 3 AAC 306.300 - 3 AAC 306.360 and 3  
1093 AAC 306.700 - 3 AAC 306.755; and

1094 (B) each applicable public health, fire, safety, and tax code and ordinance  
1095 of the state and the local government in which the applicant's proposed licensed premises  
1096 are located.

1097 (b) A licensee of any retail marijuana store, or an employee or agent of a retail marijuana  
1098 store, may not have an ownership interest in, or a direct or indirect financial interest in any

1101 licensed marijuana testing facility. (Eff.\_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)  
1102

**Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900  
AS 17.38.084

1103  
1104 **3 AAC 306.305. Retail marijuana store privileges.** (a) A licensed retail marijuana  
1105 store is authorized to

1106 (1) sell marijuana purchased from a licensed marijuana cultivation facility,  
1107 packaged and labeled as required under 3 AAC 306.345, 3 AAC 306.470, and 3 AAC 306.475 in  
1108 an amount not exceeding the limit set out in 3 AAC 306.355, to an individual on the licensed  
1109 premises for consumption off the licensed premises;

1110 (2) sell a marijuana product purchased from a licensed marijuana product  
1111 manufacturing facility, packaged and labeled as required under 3 AAC 306.345, 3 AAC 306.565,  
1112 and 3 AAC 306.570, in an amount not exceeding the limit set out in 3 AAC 306.355, to an  
1113 individual on the licensed premises for consumption off the licensed premises;

1114 (3) store marijuana and marijuana products on the licensed premises in a manner  
1115 consistent with 3 AAC 306.710 – 3 AAC 306.720.

1116 (b) This section does not prohibit a licensed retail store from refusing to sell marijuana or  
1117 marijuana product to any consumer. (Eff.\_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)

1118 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
1119 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1120 AS 17.38.084  
1121  
1122

1123  
1124 **3 AAC 306.310. Acts prohibited at retail marijuana store.** (a) A licensed retail  
1125 marijuana store may not sell, give, distribute, deliver, or offer to sell, give, distribute, or deliver,

1128 marijuana or any marijuana product  
1129  
1130 (1) to any person under the age of 21;  
1131  
1132 (2) that is not labeled and packaged as required in 3 AAC 306.345, and in 3 AAC  
1133 306.470 and 3 AAC 306.475 or 3 AAC 306.565 and 3 AAC 306.570;  
1134 (3) in a quantity exceeding the limit set out in 3 AAC 306.355;  
1135  
1136 (4) over the internet; a licensed retail marijuana store may only sell marijuana or  
1137 marijuana product to a consumer who is physically present on the licensed premises;  
1138 (5) after the expiration date shown on the label of the marijuana or marijuana  
1139 product.  
1140  
1141 (b) A licensed retail marijuana store may not  
1142 (1) conduct any business on, or allow any consumer to access, the retail  
1143 marijuana store's licensed premises between the hours of 5:00 a.m. and 8:00 a.m. each day;  
1144 (2) allow any person to consume marijuana or any marijuana product on the retail  
1145 marijuana store's licensed premises;  
1146 (3) offer or deliver to a consumer, as a marketing promotion or for any other  
1147 reason:  
1148 (A) free marijuana or marijuana product, including a sample; or  
1149 (B) a consumable product other than marijuana, including cigarettes,  
1150 tobacco products, alcoholic or non alcoholic beverages, or food, free or for compensation.  
1151  
1152 (c) A retail marijuana store may not purchase any marijuana or marijuana product for  
1153 resale without a certificate showing the tax due under AS 43.61.010 has been paid to the state.  
1154 (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_\_\_)

1159 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100

1163 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1164  
1165 AS 17.38.084  
1166

1167 **3 AAC 306.315. Application for retail marijuana store license.** A person seeking a

1168 new retail marijuana store license must submit an application on a form the board prescribes  
1169 including the information required under 3 AAC 306.020, and the following

- 1170 (1) a copy of the food safety permit required under 18 AAC 31.020(a);
- 1171 (2) in the operating plan required under 3 AAC 306.020(c), a description of the
- 1172

1173 way marijuana and marijuana products at the retail store will be displayed and sold. (Eff.

1174 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)  
1175

**Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900  
AS 17.38.084

1176 **3 AAC 306.320. Marijuana handler permit required.** A retail marijuana store shall

1177 ensure that

- 1178 (1) each licensee, employee, or agent obtains a marijuana handler permit as
- 1179 provided in 3 AAC 306.700 before being licensed or employed at a retail marijuana store; and
- 1180

- 1181 (2) each licensee, employee, or agent has that person’s marijuana handler permit
- 1182 card in that person’s immediate possession when on the licensed premises of the retail marijuana

1183 store. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

1184 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
1185  
1186 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1187  
1188 AS 17.38.084  
1189

1190 **3 AAC 306.325. Access restricted at retail marijuana store.** (a) A person under the  
1191



1195 age of 21 may not enter a retail marijuana store.

1196  
1197 (b) Each entry to a retail marijuana store must be posted with a sign that says “No one  
1198 under 21 years of age allowed.” The sign must be not less than 12 inches long and 12 inches  
1199 wide, with letters at least one half inch in height in high contrast to the background of the sign.

1200 (c) An area of a retail marijuana store’s licensed premises where marijuana or any  
1201 marijuana product is stocked for sale, or dispensed for sale, is a restricted access area. The retail  
1202 marijuana store must post signs, require identification, and escort visitors in compliance with

1203 3 AAC 306.710. (Eff. \_ / \_\_\_ / \_\_\_\_\_, Register \_\_\_\_\_)  
1204

**Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900  
AS 17.38.084

1205  
1206 **3 AAC 306.330. Marijuana inventory tracking system.** (a) A retail marijuana store  
1207 shall use an inventory tracking system as provided in 3 AAC 306.730 to ensure all marijuana and  
1208 marijuana product in the store’s possession is identified and tracked from the time the retail  
1209 marijuana store receives any batch of marijuana or lot of marijuana product through the sale,  
1210 transfer to another licensed marijuana establishment, or disposal of the batch of marijuana or lot  
1211 of marijuana product.

1212 (b) When any marijuana from a marijuana cultivation facility or marijuana product from  
1213 a marijuana product manufacturing facility is delivered or transported to the licensed premises of  
1214 a retail marijuana store, the retail marijuana store shall immediately enter identification  
1215 information for that batch of marijuana or lot of marijuana product into the retail marijuana  
1216 store’s inventory tracking system. A retail marijuana store may not accept any marijuana or  
1217 marijuana product that does not have a valid transport manifest generated from the inventory

1220 tracking system of the marijuana establishment that originated the delivery.

1221  
1222 (c) A retail marijuana store shall reconcile each transaction from the store's point of sale  
1223 system and current inventory to its inventory tracking system at the close of business each day.

1224 (d) A retail marijuana store shall account for any variance in the quantity of marijuana or  
1225 marijuana product the store received and the quantity the store sold, transferred, or disposed of.

1226 (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_\_\_)

1227 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100

1228  
1229  
1230 AS 17.38.070 AS 17.38.090 AS 17.38.900

1231  
1232 AS 17.38.084

1233  
1234  
1235 **3 AAC 306.335. Health and safety requirements.** A retail marijuana store must  
1236 comply with each applicable health and safety requirement set out in 3 AAC 306.735. (Eff.

1237 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_\_\_)

1238  
**Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100

AS 17.38.070 AS 17.38.090 AS 17.38.900

AS 17.38.084

1239  
1240 **3 AAC 306.340. Testing required for marijuana and marijuana products.** (a) A

1241 retail marijuana store may not sell, give, distribute, deliver, or offer to sell, give, distribute, or  
1242 deliver, marijuana or any marijuana product until all laboratory testing required under 3 AAC  
1243 306.645 has been completed, and the label required under 3 AAC 306.475 or 3 AAC 306.570 is

1244 affixed. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100

AS 17.38.070 AS 17.38.090 AS 17.38.900

AS 17.38.084

1247 **3 AAC 306.345. Packaging and labeling.** (a) A retail marijuana store shall assure that

1248  
1249 (1) any marijuana sold on its licensed premises is packaged and labeled in  
1250 compliance with 3 AAC 306.470 and 3 AAC 306.475, except that 3 AAC 306.470(b)(2) does not  
1251 apply to the packaging of wholesale flower and bud sold by weight to a consumer; and

1252 (2) any marijuana product sold on its licensed premises is packaged and labeled  
1253 in compliance with 3 AAC 306.565 and 3 AAC 306.570, except that 3 AAC 306.565(b)(2) does  
1254 not apply to the packaging of wholesale marijuana products that are not edible marijuana  
1255 products.

1256 (b) In addition to labeling requirements provided in (a) of this section, a retail marijuana  
1257 store shall affix a label to each package of marijuana or marijuana product that

1258 (1) identifies the marijuana retail store selling the marijuana product by name or  
1259 distinctive logo and marijuana establishment license number; and

1260 (2) contains the following statements:

1261 (A) "Marijuana has intoxicating effects and may be habit forming;"

1262 (B) "Marijuana can impair concentration, coordination, and judgment. Do  
1263 not operate a vehicle or machinery under its influence;"

1264 (C) "There may be health risks associated with consumption of  
1265 marijuana;" and

1266 (D) "For use only by adults twenty-one and older. Keep out of the reach of  
1267 children"

1268 (E) "Marijuana should not be used by women who are pregnant or  
1269 breast feeding." (Eff. \_\_\_/\_\_\_/\_\_\_\_\_, Register\_\_\_)

1270  
1271  
1272  
1273  
1274 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100

1278 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1279  
1280 AS 17.38.084  
1281

1282 **3 AAC 306.350. Identification requirement to prevent sale to person under 21.** (a)

1283 A licensed retail marijuana store shall refuse to sell marijuana or a marijuana product to any  
1284 person who does not produce a form of valid identification showing that person is 21 years of  
1285 age or older.

1286 (b) A valid form of identification includes:

- 1287 (1) an unexpired, unaltered passport;
- 1288 (2) an unexpired, unaltered driver's license; instruction permit, or identification  
1289 card of any state or territory of the United States, the District of Columbia, or a province of  
1291 Canada;

- 1292 (3) an identification card issued by a federal or state agency authorized to issue a  
1293 driver's license or identification card. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

1295 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
1296  
1297 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1298  
1299 AS 17.38.084  
1300  
1301  
1302

1303 **3 AAC 306.355. Limit on quantity sold.** (a) A licensed retail marijuana store shall not

1304 sell more than the following quantity of marijuana or marijuana product in a single transaction:

- 1305 (1) one ounce of usable marijuana;
- 1306 (2) sixteen ounces of marijuana-infused product in solid form;
- 1307 (3) seven grams of marijuana-infused extract for inhalation, or  
1308 (4) seventy-two ounces of marijuana-infused product in liquid form. (Eff.  
1309  
1310  
1311  
1312

1313 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

**Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900  
AS 17.38.084

1317  
1318 **3 AAC 306.360. Restriction on advertising of marijuana and marijuana products.**  
1319

1320 (a) A retail marijuana store may have no more than three signs, visible to the general public  
1321 from the public right of way, that identify the store by its business name. A sign may be placed  
1322 in the store's window or attached to the outside of the licensed premises. The size of each sign  
1323 may not exceed 4800 square inches.

1324 (b) An advertisement for marijuana or marijuana product may not contain any statement  
1325 or illustration that

- 1326 (1) is false or misleading;
- 1327
- 1328 (2) promotes excessive consumption;
- 1329
- 1330 (3) represents that the use of marijuana has curative or therapeutic effects;
- 1331
- 1332 (4) depicts a person under the age of 21 consuming marijuana; or
- 1333
- 1334 (5) includes an object or character, including a toy, a cartoon character, or any  
1335 other depiction designed to appeal to a child or other person under the age of 21, that promotes  
1336 consumption of marijuana.

1337 (c) A retail marijuana store may not place an advertisement for marijuana or a marijuana  
1338 product, except as provided in (a) of this section,

- 1339 (1) within one thousand feet of the perimeter of any child-centered facility,  
1340 including a school, daycare or other facility providing services to children, a playground or  
1341 recreation center, a public park, a library, or a game arcade that is open to persons under the age  
1342 of 21;

1346 (2) on or in a public transit vehicle or public transit shelter; or  
1347

1348 (3) on or in a publicly owned or operated property;  
1349

1350 (4) within 1000 feet of a substance or treatment facility; or  
1351

1352 (5) on a college campus.  
1353

1354 (d) A retail marijuana store may not use giveaway coupons, or distribute branded  
1355 merchandise as promotional materials, or conduct promotional activities such as games or  
1356 competitions to encourage sale of marijuana or marijuana products.

1357 (e) All advertising for marijuana or any marijuana product must contain the following  
1358 warnings:

1359 (1) "Marijuana has intoxicating effects and may be habit forming;"  
1360

1361 (2) "Marijuana can impair concentration, coordination, and judgment. Do not  
1362 operate a vehicle or machinery under its influence;"

1363 (3) "There may be health risks associated with consumption of marijuana;" and  
1364

1365 (4) "For use only by adults twenty-one and older. Keep out of the reach of  
1366 children"  
1367

1368 (5) "Marijuana should not be used by women who are pregnant or breast feeding."  
1369

1370 (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_\_\_)

1371 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
1372

1373 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1374  
1375

1376 AS 17.38.084  
1377  
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1379  
1380  
1381

1382 **Article 4. Marijuana Cultivation Facilities.**  
1383

1384 **Section**

- 1387 400. Marijuana cultivation facility license required
- 1388
- 1389 405. Standard marijuana cultivation facility: privileges and prohibited acts
- 1390
- 1391 410. Limited marijuana cultivation facility: privileges and prohibited acts
- 1392
- 1393 415. Marijuana cultivation broker facility: privileges and prohibited acts
- 1394
- 1395 420. Application for marijuana cultivation facility license
- 1396
- 1397 425. Marijuana handler permit required
- 1398
- 1399 430. Restricted access area
- 1400
- 1401 435. Marijuana inventory tracking system
- 1402
- 1403 440. Health and safety requirements
- 1404
- 1405 445. Standards for cultivation and preparation
- 1406
- 1407 450. Production of marijuana concentrate prohibited
- 1408
- 1409 455. Required laboratory testing
- 1410
- 1411 460. Samples
- 1412
- 1413 465. Random sampling
- 1414
- 1415 470. Packaging of marijuana
- 1416
- 1417 475. Labeling of marijuana
- 1418
- 1419 480. Marijuana tax to be paid
- 1420

1421 **3 AAC 306.400. Marijuana cultivation facility license required.** (a) Except as  
1422 provided under AS 17.38.020, a person may not plant, propagate, cultivate, harvest, trim, dry,  
1423 cure, or package, label, or sell marijuana grown at a place under that person’s control, directly or  
1424 through a marijuana cultivation broker facility, to any marijuana establishment unless the person  
1425 has obtained a marijuana cultivation facility license from the board in compliance with this  
1426 chapter, or is an employee or agent acting for a licensed marijuana cultivation facility. The

1429 board will issue the following types of marijuana cultivation facility licenses, with the privileges  
1430 and subject to the prohibitions set out in sections 3 AAC 306.405 - 3 AAC 306.415:

1431 (1) a standard marijuana cultivation facility license;

1432 (2) a limited marijuana cultivation facility license to a person operating a  
1433 marijuana cultivation facility with fewer than 500 square feet under cultivation; and  
1434

1435 (3) a marijuana cultivation broker facility license for a person providing essential  
1436 business functions of a limited marijuana cultivation facility, including storing marijuana,  
1437 purchasing or arranging the purchase of the limited marijuana cultivation facility's marijuana  
1438 crop, arranging testing and transportation of marijuana, and filing the reports and paying the  
1439 marijuana excise tax required under AS 43.61.010 and AS 43.61.020.

1440 (b) A person seeking any type of marijuana cultivation facility license as provided in (a)  
1441 of this section must

1442 (1) submit an application for the applicable marijuana cultivation facility license  
1443 on a form the board prescribes, including the information set out at 3 AAC 306.020 and 3 AAC  
1444 306.420; and

1445 (2) demonstrate to the board's satisfaction that it will operate in compliance with

1446 (A) each applicable provision of 3 AAC 306.400 - 3 AAC 306.480 and 3  
1447 AAC 306.700 - 3 AAC 306.755; and  
1448

1449 (B) each applicable public health, fire, safety, and tax code and ordinance  
1450 of the state and the local government in which the applicant's proposed licensed premises  
1451 are located.

1452 (c) A licensee of any marijuana cultivation facility, or an employee or agent of a  
1453 marijuana cultivation facility, may not have an ownership interest in, or a direct or indirect



1456 financial interest in any licensed marijuana testing facility. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)  
1457

- Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
AS 17.38.030 AS 17.38.090 AS 17.38.900  
AS 17.38.070

1458  
1459 **3 AAC 306.405. Standard marijuana cultivation facility: privileges and prohibited**

1460 **acts.** (a) A licensed standard marijuana cultivation facility is authorized to

1461 (1) propagate, cultivate, harvest, prepare, cure, package, store and label  
1462 marijuana;

1463 (2) sell marijuana only to a licensed retail marijuana store, to another licensed  
1464 marijuana cultivation facility, or to a licensed marijuana product manufacturing facility;

1465 (3) provide samples to a licensed marijuana testing lab for testing;

1466 (4) store inventory on the licensed premises; any stored inventory must be  
1467 secured in a restricted access area and accounted for in the marijuana cultivation facility's  
1468 inventory tracking system as required under 3 AAC 306.730;

1469 (5) transport marijuana in compliance with 3 AAC 306.750;

1470 (6) conduct in-house testing for the marijuana cultivation facility's own use;

1471 (7) provide marijuana samples to a licensed retail marijuana store or marijuana  
1472 product manufacturing facility for the purpose of negotiating a sale.

1473 (b) A licensed standard marijuana cultivation facility may also apply for a marijuana  
1474 product manufacturing facility license and a retail marijuana store license. A standard marijuana  
1475 cultivation facility that obtains any other marijuana establishment license shall

1476 (1) conduct any product manufacturing or retail marijuana store operation in a  
1477 room completely separated from the cultivation facility by a secure door when co-located; and  
1478

1486 (2) comply with each provision of this chapter that applies to any other type of  
1487 marijuana establishment license that the standard marijuana cultivation facility licensee obtains.

1488 (c) A licensed standard marijuana cultivation facility may not

1489 (1) sell, distribute, or transfer any marijuana or marijuana product to a consumer,  
1490 with or without compensation;  
1491

1492 (2) allow any person, including a licensee, employee, or agent, to consume  
1493 marijuana or a marijuana product on the licensed premises or within 20 feet of the exterior of any  
1494 building or outdoor cultivation facility on the licensed premises;

1495 (3) treat or otherwise adulterate marijuana with any organic or nonorganic  
1496 chemical or other compound to alter the color, appearance, weight, or odor of the marijuana;

1497 (4) except as permitted under a marijuana product manufacturing facility license,  
1498 extract marijuana concentrate, using any process described in 3AAC 306.555, at the licensed  
1499 premises;

1500 (5) sell marijuana that is not packaged and labeled in compliance with 3 AAC  
1501 306.470 and 3 AAC 306.475; or

1502 (6) sell marijuana that has not been reported to the Department of Revenue with  
1503 excise tax paid as required under AS 43.61.010 and AS 43.61.020. (Eff. \_\_\_/\_\_\_/\_\_\_, Register  
1504  
1505  
1506 \_\_\_)

1507  
1508 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100

1509 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1510  
1511  
1512  
1513

1514 **3 AAC 306.410. Limited marijuana cultivation facility: privileges and prohibited**

1515 **acts.** (a) A licensed limited cultivation facility is authorized to

1516 (1) propagate, cultivate, harvest, and prepare marijuana for sale in a marijuana

1519 cultivation facility with fewer than 500 square feet under cultivation;

1520  
1521 (2) provide marijuana samples to a licensed marijuana cultivation broker facility

1522 for the purpose of negotiating a sale;

1523 (3) sell marijuana only to a licensed marijuana cultivation broker facility with

1524 which the limited cultivation facility has a written agreement that

1525 (A) assigns responsibility for

1526  
1527 (i) arranging transportation and testing by a licensed marijuana

1528 testing facility; and for

1529 (ii) other services as agreed between the parties; and

1530  
1531 (B) requires the marijuana cultivation broker facility to file reports and

1532 pay the excise tax as required under AS 43.61.010 and AS 43.61.020 for all marijuana the

1533 marijuana cultivation broker facility purchases from the limited marijuana cultivation

1534 facility;

1535 (4) if a written agreement as provided in paragraph (a)(3) of this section does not

1536 provide for the marijuana cultivation broker facility to provide these services:

1537 (A) arrange for testing by a licensed marijuana testing facility; and

1538  
1539 (B) transport marijuana to a licensed marijuana testing facility or the

1540 marijuana cultivation broker facility with which the limited marijuana cultivation facility

1541 has an agreement under (a)(3) of this section.

1542 (b) A licensed limited marijuana cultivation facility may not

1543  
1544 (1) do any act prohibited under 3 AAC 306.405(c);

1545  
1546 (2) hold any other type of marijuana establishment license;

1547  
1548 (3) sell directly to a consumer,

1552 (4) sell to any marijuana establishment except through a marijuana cultivation  
1553 broker facility; and

1554 (5) sell marijuana to a marijuana cultivation broker facility without a written  
1555 agreement in which the marijuana cultivation broker facility agrees to file each report and pay  
1556 the excise tax required under AS 43.61.010 and AS 43.61.020. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register  
1557 \_\_\_\_)

1560 <b>Authority:</b>	AS 17.38.010	AS 17.38.090	AS 43.61.010
1561			
1562			
1563	AS 17.38.070	AS 17.38.100	AS 43.61.020
1564			
1565			
1566	AS 17.38.084	AS 17.38.900	
1567			

1568 **3 AAC 306.415. Marijuana cultivation broker facility: privileges and prohibited**

1569 **acts.** (a) A licensed marijuana cultivation broker facility is authorized to

1570 (1) purchase marijuana from any number of licensed limited marijuana  
1571 cultivation facilities;

1572 (2) sell marijuana only to a licensed retail marijuana store, to another licensed  
1573 marijuana cultivation facility, or to a licensed marijuana product manufacturing facility;

1574 (3) arrange laboratory testing of marijuana obtained from a limited cultivation  
1575 facility, and provide the necessary testing samples to a licensed marijuana testing facility;

1576 (4) arrange transportation of marijuana to a marijuana testing facility, a marijuana  
1577 product manufacturing facility, or a retail marijuana store; and

1578 (5) submit to the Department of Revenue the monthly statements and pay the  
1579 excise tax specified under AS 43.61.010 and AS 43.61.020 on all marijuana the marijuana  
1580 cultivation broker facility purchases from a limited marijuana cultivation facility.

1581 (b) A licensed marijuana cultivation broker facility may apply for a marijuana product

1584 manufacturing facility license and a retail marijuana store license. A marijuana cultivation  
1585 broker facility that obtains any other marijuana establishment license shall

1586 (1) conduct any product manufacturing and retail marijuana store operation in a  
1587 room completely separated from the cultivation broker facility by a secure door; and

1588 (2) comply with each provision of this chapter that applies to any other type of  
1589 marijuana establishment license that the cultivation broker facility has obtained.

1590 (c) A licensed marijuana cultivation broker facility may not

- 1591 (1) do any act prohibited under 3 AAC 306.405(c);  
1592  
1593 (2) grow marijuana;  
1594  
1595 (3) extract concentrate from marijuana unless the broker facility has obtained a  
1596  
1597 marijuana manufacturing facility license;

1598 (4) sell marijuana that is not packaged and labeled in compliance with 3 AAC  
1599 306.470 and 3 AAC 306.475; or

1600 (5) sell marijuana that has not been reported to the Department of Revenue with  
1601  
1602 excise tax paid as required under AS 43.61.010 and AS 43.61.020. (Eff. \_\_\_/\_\_\_/\_\_\_, Register  
1603 \_\_\_)

1604  
1605  
1606  
1607 **Authority:** AS 17.38.010 AS 17.38.090 AS 43.61.010  
1608  
1609 AS 17.38.070 AS 17.38.100 AS 43.61.020  
1610  
1611 AS 17.38.084 AS 17.38.900  
1612  
1613  
1614

1615 **3 AAC 306.420. Application for marijuana cultivation facility license.** (a) An  
1616 applicant for a new standard marijuana cultivation facility license or a new limited marijuana  
1617 cultivation facility shall file an application on a form the board prescribes, including

1618 (1) the information required under 3 AAC 306.020; and

1622 (2) the proposed marijuana cultivation facility’s operating plan, including, in  
1623 addition to the information required under 3 AAC 306.020(c):

- 1624 (A) the size of the space intended to be under cultivation;
- 1625
- 1626 (B) the growing medium to be used;
- 1627
- 1628 (C) fertilizers, chemicals, gases, and delivery systems, including CO2  
1629 management, to be used;
- 1630 (D) the irrigation and waste water systems to be used;
- 1631
- 1632 (E) waste disposal arrangements;
- 1633
- 1634 (F) odor control; and
- 1635
- 1636 (G) the testing procedure and protocols the marijuana cultivation facility  
1637 will follow.

1638  
1639 (b) An applicant for a limited marijuana cultivation facility license must submit the  
1640 information required for a new marijuana establishment license set out in 3 AAC 306.020, and  
1641 (a)(2) of this section.

1642  
1643 (c) An applicant for a marijuana cultivation broker facility license must  
1644 (1) submit the information required for a new marijuana establishment license  
1645 under 3 AAC 306.020;

1646  
1647 (2) agree to submit the monthly reports and pay the excise tax specified under AS  
1648 43.61.010 and AS 43.61.020 on all marijuana it purchases; and

1649  
1650 (3) provide other services the marijuana cultivation broker facility offers to a  
1651 limited marijuana cultivation facility. (Eff. \_\_\_\_/\_\_\_\_ /\_\_\_\_, Register \_\_\_\_)

**Authority:**

AS 17.38.010	AS 17.38.084	AS 17.38.100
AS 17.38.070	AS 17.38.090	AS 17.38.900

1655 **Editor's note:** The form for an application for a marijuana cultivation facility license or  
1656 a marijuana cultivation broker facility license is available online as provided in the editor's note  
1657 under 3 AAC 306.020.

1658 **3 AAC 306.425. Marijuana handler permit required.** A marijuana cultivation facility  
1659  
1660 must ensure that each licensee, employee, or agent

1661 (1) obtains a marijuana handler permit as provided in 3 AAC 306.700 before  
1662 being present or employed at the marijuana cultivation facility's licensed premises; and

1663 (2) has the marijuana handler permit card in the person's immediate possession at  
1664 all times while on the marijuana cultivation facility's licensed premises. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_,

1665 Register\_\_\_\_)

1666 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
1667  
1668 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1669  
1670  
1671  
1672

1673 **3 AAC 306.430. Restricted access area.** (a) A marijuana cultivation facility shall  
1674 conduct any operation in a restricted area in compliance with 3 AAC 306.710 and this section.

1675 (b) A marijuana cultivation facility shall conduct any marijuana growing operation  
1676 within a fully enclosed secure indoor facility or greenhouse with rigid walls, a roof, and doors.

1677 Where not prohibited by local government, outdoor production may take place in non-rigid  
1678 greenhouses, other structures, or an expanse of open or cleared ground fully enclosed by a  
1679 physical barrier. To obscure public view of the premises, outdoor production must be enclosed  
1680 by a sight obscuring wall or fence at least six feet high.

1681 (c) A marijuana cultivation facility shall ensure that any marijuana at the cultivation  
1682 facility

1683 (1) cannot be observed by the public from outside the cultivation facility; and

1684 (2) does not emit an odor that is detectable by the public from outside the  
1685  
1686  
1687

1690 cultivation facility except as allowed by a local government conditional use permit process.

1691 (d) A marijuana cultivation facility shall have full video surveillance of the licensed  
1692 premises as required under 3 AAC 306.720, including any area where marijuana is grown,  
1693 processed, packaged, or stored, or where marijuana waste is destroyed. (Eff. \_\_\_/\_\_\_/\_\_\_,

1695 Register \_\_\_\_\_)

1696  
1697 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100

1698 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1699  
1700

1701  
1702 **3 AAC 306.435. Marijuana inventory tracking system.** (a) A marijuana cultivation  
1703 facility shall use an inventory tracking system in compliance with 3 AAC 306.730 to ensure all  
1704 marijuana propagated, grown, or cultivated on the marijuana cultivation facility's premises is  
1705 identified and tracked from the time the marijuana is propagated through transfer to another  
1706 licensed marijuana establishment or destruction. The marijuana cultivation facility must assign a  
1707 tracking number to each plant over 8 inches tall. When harvested, bud and flowers, clones or  
1708 cuttings, or leaves and trim may be combined in harvest batches of distinct strains, not exceeding  
1709 five pounds; each harvest batch must be given an inventory tracking number. Clones or cuttings  
1710 must be limited to 50 or fewer plants and identified by a batch tracking number.

1711 (b) A marijuana cultivation facility shall record each sale and transport of each batch in  
1712 its marijuana inventory tracking system, and shall generate a valid transport manifest to  
1713 accompany each transported batch.

1714 (c) A marijuana cultivation facility shall record in its marijuana inventory tracking  
1715 system all marijuana used to provide a sample authorized under 3 AAC 306.460 for the purpose  
1716 of negotiating sales, including

1717 (1) the amount of each sample;  
1718



1722 (2) the retail marijuana store or marijuana product manufacturing facility that  
1723 received the sample; and

1724 (3) the disposal of any expired or outdated promotional sample returned to the  
1725 marijuana cultivation facility. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

1726 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
1727  
1728 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1729  
1730

1731 **3 AAC 306.440. Health and safety requirements.** (a) A marijuana cultivation facility  
1732 must comply with all applicable health and safety requirements set out in 3 AAC 306.735, and  
1733 the additional requirements set out in this section.

1734 (b) A marijuana cultivation facility shall ensure that any licensee, employee, or agent  
1735 who is present at the marijuana cultivation facility and in contact with any marijuana

1736 (1) wears clean clothing appropriate for the duties that person performs;  
1737  
1738 (2) wears protective apparel, such as head, face, hand and arm coverings, as  
1739 necessary to protect marijuana from contamination; and

1740 (3) practices good sanitation and health habits. (Eff. \_\_\_/\_\_\_/\_\_\_, Register  
1741 \_\_\_)

**Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900

1742 **3 AAC 306.445. Standards for cultivation and preparation.** A marijuana cultivation  
1743 facility shall use certified scales in compliance with AS 45.75.080 and 3 AAC 306.745. (Eff.  
1744 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

**Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900

1749 **3 AAC 306.450. Production of marijuana concentrate prohibited.** A marijuana  
1750 cultivation facility may not produce or possess marijuana concentrate that was extracted using  
1751 any process described in 3 AAC 306.455 on its licensed premises unless the marijuana  
1752 cultivation facility also has a marijuana product manufacturing facility license. Any extraction  
1753 or production of marijuana concentrate on the premises of a licensed marijuana cultivation  
1754 facility must

1755 (1) be in a separate room that

1756  
1757 (A) is physically separated by a secure door from any cultivation area;  
1758

1759 and

1760 (B) has a sign that clearly identifies the room as a marijuana concentrate  
1761  
1762 production area, and warns unauthorized persons to stay out; and

1763 (2) comply with all applicable provisions of 3 AAC 306.500 - 3 AAC 306.570.

1764 (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_\_\_)

1765 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100

1766  
1767 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1768  
1769

1770 **3 AAC 306.455. Required laboratory testing.** (a) Except as provided in (d) of this  
1771 section, a marijuana cultivation facility shall provide a sample of each harvest batch of marijuana  
1772 produced at the facility to a marijuana testing facility, and may not sell or transport any  
1773 marijuana until all laboratory testing required by 3 AAC 306.645 has been completed.

1774 (b) To comply with (a) of this section, a marijuana cultivation facility shall

1775 (1) collect a random, homogenous sample for testing by segregating harvested  
1776 marijuana into batches of individual strains of bud and flower, then selecting a random sample  
1777 from each batch in an amount required by the marijuana testing facility;  
1778

1782 (2) designate an individual responsible for collecting each sample; that individual  
1783

1784 shall  
1785

1786 (A) prepare a signed statement showing that each sample has been

1787 randomly selected for testing;

1788 (B) provide the signed statement to the marijuana testing facility; and

1789  
1790 (C) maintain a copy as a business record under 3 AAC 306.755;

1791  
1792 (3) transport the sample to the marijuana testing facility's licensed premises in  
1793 compliance with 3 AAC 306.750.

1794 (c) A marijuana cultivation facility shall segregate the entire batch from which the  
1795 testing sample was selected until the marijuana testing facility reports the results from its tests.

1796 During this period of segregation, the marijuana cultivation facility that provided the sample  
1797 shall maintain the batch in a secure, cool, and dry location to prevent the marijuana from  
1798 becoming contaminated or losing its efficacy. The facility that provided the sample may not sell  
1799 or transport any marijuana from the segregated batch until the marijuana testing facility has  
1800 completed its testing and provided those results, in writing, to the marijuana cultivation facility  
1801 that provided the sample. The marijuana cultivation facility shall maintain the testing results as  
1802 part of its business books and records.

1803 (d) A limited marijuana cultivation facility may contract with a marijuana cultivation  
1804 broker facility to arrange the laboratory testing required in this section, and transportation of  
1805 marijuana to the marijuana testing facility. A marijuana cultivation broker facility's contract to  
1806 perform these services must be in writing and must be maintained in the limited marijuana  
1807 cultivation facility's business records. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)

1808 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100

1812 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1813

1814 **3 AAC 306.460. Samples.** (a) A marijuana cultivation facility may provide a free  
1815 sample of marijuana to a retail marijuana store if packaged in a sample jar containing no more  
1816 than 3 1/2 grams of marijuana and protected by a plastic or metal mesh screen to allow  
1817 customers to smell the product before purchase.

1818 (b) A marijuana cultivation facility may provide a free sample of marijuana to a retail  
1819 marijuana store or marijuana product manufacturing facility as follows:

1820 (1) a sample provided for the purpose of negotiating a sale may be no more than  
1821 one ounce;  
1822

1823 (2) a marijuana cultivation facility may not provide any one licensed retail  
1824 marijuana store or marijuana product manufacturing facility with more than one ounce of  
1825 marijuana per month free of charge for the purpose of negotiating a sale.  
1826

1827 (c) A retail marijuana store that receives a marijuana sample may not sell the marijuana  
1828 sample to a customer; and shall either

1829 (1) return the marijuana sample to the cultivation facility that provided the  
1830 sample; or  
1831

1832 (2) destroy the marijuana sample after use and document the destruction in its  
1833 marijuana inventory control system. (Eff. \_\_\_\_/ \_\_/\_\_\_\_, Register\_\_\_\_)  
1834

1835 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
1836  
1837 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1838  
1839

1840 **3 AAC 306.465. Random sampling.** (a) The board or the director will from time to  
1841 time require a standard or limited marijuana cultivation facility to provide samples of the  
1842 growing medium, soil amendments, fertilizers, crop production aids, pesticides, or water for

1845 random compliance checks. The sample may be screened for pesticides and chemical residues,  
1846 unsafe levels of metals, and used for other laboratory tests the director finds to be in the interests  
1847 of the public. The marijuana cultivation facility shall bear all costs of testing under this  
1848 subsection.

1849 (b) When the board or the director orders random sampling under this section, the  
1850 director will identify a licensed marijuana testing facility to perform the testing. The marijuana  
1851 testing facility will collect the test samples; the marijuana cultivation facility shall cooperate to  
1852 facilitate the collection of samples. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

1853 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
1854  
1855 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1856  
1857

1858 **3 AAC 306.470. Packaging of marijuana.** (a) A licensed marijuana cultivation  
1859 facility, including a marijuana cultivation broker facility, shall package its marijuana bud and  
1860 flower for sale as follows:

1861 (1) to a retail marijuana store, either  
1862  
1863 (A) in a package not exceeding one ounce for resale to consumers without  
1864 additional handling by the retail marijuana store except to add the retail marijuana store's  
1865 own identifying name or logo and license number; or

1866 (B) in a wholesale package not exceeding five pounds for re - packaging  
1867 by the retail marijuana store; or

1868 (2) to a marijuana product manufacturing facility in a wholesale package not  
1869 exceeding five pounds, consisting of a single strain or a mixture of strains as identified on the  
1870 label.

1871 (b) When a licensed marijuana cultivation facility packages marijuana for a retail

1874 marijuana store to sell to a consumer without re-packaging, the packaging must be designed or  
1875 constructed in compliance with 16 C.F.R. 1700.01 – 1700.20, as amended Dec.30, 1983 to be  
1876 significantly difficult for children under five years of age to open; but not normally difficult for  
1877 adults to use properly. The packaging may not have any printed images, including cartoon  
1878 characters, that specifically target individuals under the age of 21. In addition, the packaging  
1879 must

1880 (1) protect the product from contamination and must not impart any toxic or  
1881 damaging substance to the marijuana;

1882 (2) be four mil or greater thickness plastic, heat sealed, and with no easy-open  
1883 corner, dimple or flap;

1884 (3) be opaque so that the product cannot be seen without opening the packaging  
1885 material.  
1886

1887 (c) Each package prepared in compliance with this section must be identified by a  
1888 tracking label generated for tracking by the marijuana cultivation facility's marijuana inventory  
1889 control system.  
1890

1891 (d) A marijuana cultivation facility shall prepare marijuana for transport or transfer to  
1892 another marijuana establishment by

1893 (1) placing marijuana packaged in compliance with (a) - (c) of this section within  
1894 a sealed, tamper-evident shipping container;

1895 (2) affixing a label in compliance with 3 AAC 306.475 to the shipping container;  
1896 and  
1897

1898 (3) generating a transport manifest from the marijuana cultivation facility's  
1899 marijuana inventory system; the transport manifest must remain with the marijuana at all times  
1900

1903 while being transported, and a copy must be given to the licensed marijuana establishment that  
1904 receives the shipment. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

1905 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
1906  
1907 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1908  
1909

1910 **3 AAC 306.475. Labeling of marijuana.** (a) When a licensed marijuana cultivation  
1911 facility packages marijuana for a retail marijuana store to sell to a consumer without re-  
1912 packaging, the marijuana cultivation facility shall affix a label to each package of marijuana or  
1913 marijuana product that contains the following statements:

- 1914 (1) "Marijuana has intoxicating effects and may be habit forming;"  
1915  
1916 (2) "Marijuana can impair concentration, coordination, and judgment. Do not  
1917 operate a vehicle or machinery under its influence;"  
1918 (3) "There may be health risks associated with consumption of marijuana;" and  
1919  
1920 (4) "For use only by adults twenty-one and older. Keep out of the reach of  
1921 children"  
1922 (5) "Marijuana should not be used by women who are pregnant or breast feeding."  
1923

1924 (b) With each harvest batch of marijuana sold, a marijuana cultivation facility must  
1925 disclose in writing

1926 (1) each soil amendment, fertilizer, and other crop production aid applied to the  
1927 growing medium or marijuana plant included in the batch; and

1928 (2) the name of the licensed marijuana testing facility that performed any  
1929 required laboratory test and the results of each required laboratory test.

1930 (c) A marijuana cultivation facility may not label marijuana as organic unless permitted  
1931 by the United States Department of Agriculture in accordance with 7 U.S.C. 6501 (Organic

1934 Foods Production Act of 1990).

1935

1936 (d) A marijuana cultivation facility shall affix a label containing the following

1937 information to each package of marijuana sold to another marijuana establishment.

1938 (1) the name and license number of the marijuana cultivation facility where the

1939 marijuana was grown;

1940 (2) the harvest batch number assigned to the marijuana in the package;

1941

1942 (3) the net weight of the marijuana in the package, not including weight of the

1943 shipping container, using a standard of measure compatible with the inventory tracking system;

1944 and

1945 (4) a complete list of all pesticides, fungicides, and herbicides used in cultivation

1946 of the marijuana.

1947 (e) If a marijuana cultivation facility transports wholesale marijuana to another

1948 marijuana establishment for sale at retail or for use in manufacturing a marijuana product, then a

1949 label must be affixed to the shipping container showing that a licensed marijuana testing facility

1950 has tested each harvest batch in the shipment as provided in 3 AAC 306.645. The label must

1951 report the test results, including the following information:

1952 (1) a cannabinoid potency profile expressed as a range of percentages that

1953 extends from the lowest percentage to highest percentage of concentration for each cannabinoid

1954 listed from every test conducted on that strain of marijuana from the same marijuana cultivation

1955 facility within the last three months;

1956 (2) a statement listing the results of microbial testing required by 3 AAC

1957

1958 306.645(b)(2);

1959

1960 (3) a statement listing the results of residual solvent testing required by 3 AAC



1963 306.645(b)(3), if applicable;

1964  
1965 (4) a statement listing any of the following contaminants for which the product  
1966 was tested:

1967  
1968 (A) molds, mildew and filth, in addition to the testing required by 3 AAC

1969  
1970 306.645(b)(2);

1971  
1972 (B) herbicides, pesticides, and fungicides; and

1973  
1974 (C) harmful chemicals.

1975  
1976 (f) If a marijuana cultivation facility ships wholesale marijuana from a harvest batch that  
1977 has not been tested for each contaminant listed in (e)(4) of this section, the label for that batch  
1978 must include a statement identifying each contaminant listed in (e)(4) of this section for which  
1979 that harvest batch has not been tested. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

1981 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100

1982  
1983 AS 17.38.070 AS 17.38.090 AS 17.38.900  
1984  
1985

1986 **3 AAC 306.480. Marijuana tax to be paid.** (a) A standard marijuana cultivation  
1987 facility shall submit monthly reports to the Department of Revenue and pay the excise tax  
1988 required under AS 43.61.010 and AS 43.61.020 on all marijuana sold, or provided as a sample to  
1989 any marijuana establishment.

1990 (b) A marijuana cultivation broker facility shall submit monthly reports to the  
1991 Department of Revenue and pay the excise tax required under AS 43.61.010 and AS 43.61.020  
1992 on all marijuana it has obtained from a limited marijuana cultivation facility, including any  
1993 sample provided to any other marijuana establishment. The broker shall agree to comply with  
1994 this section in a written agreement with each limited marijuana cultivation facility from which it  
1995 purchases marijuana, and shall provide a copy of the monthly report required under AS

1998 43.61.020 to each limited marijuana cultivation facility from which it purchases marijuana. If a  
1999 marijuana cultivation broker facility fails to pay the required tax, the limited marijuana  
2000 cultivation facility shall pay the required tax.

2001 (c) When a marijuana cultivation facility, including a marijuana cultivation broker  
2002 facility, sells or distributes any marijuana to a retail marijuana store or a marijuana product  
2003 manufacturing facility, the marijuana cultivation facility or marijuana cultivation broker must  
2004 provide verification of tax payment to the purchaser. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

2005	<b>Authority:</b>	AS 17.38.010	AS 17.38.084	AS 17.38.900
2006				
2007				
2008		AS 17.38.030	AS 17.38.090	AS 43.61.010
2009				
2010				
2011		AS 17.38.070	AS 17.38.100	AS 43.61.020
2012				
2013				
2014				
2015				

2016 **Article 5. Marijuana Product Manufacturing Facilities.**  
2017

2018 **Section**

- 2019 500. Marijuana product manufacturing facility license required
- 2020
- 2021
- 2022 505. Marijuana product manufacturing facility privileges
- 2023
- 2024 510. Acts prohibited at marijuana product manufacturing facility
- 2025
- 2026 515. Marijuana concentrate manufacturing facility license
- 2027
- 2028 520. Application for marijuana product manufacturing facility license
- 2029
- 2030 525. Approval of concentrates and marijuana products
- 2031
- 2032 530. Marijuana handler permit and food safety worker training
- 2033
- 2034 535. Restricted access and storage areas
- 2035
- 2036 540. Marijuana inventory tracking system
- 2037
- 2038 545. Health and safety standards

2041 550. Required laboratory testing

2042

2043 555. Production of marijuana concentrate

2044

2045 560. Potency limits per serving and transaction for edible marijuana products

2046

2047 565. Packaging of marijuana products

2048

2049 570. Labeling of marijuana products

2050

2051 **3 AAC 306.500. Marijuana product manufacturing facility license required.** (a) A

2052 person may not extract marijuana concentrate for sale, or formulate or manufacture any

2053 marijuana product for sale unless that person has obtained a marijuana product manufacturing

2054 facility license from the board in compliance with this chapter, or is an employee or agent acting

2055 for a licensed marijuana product manufacturing facility. The board will issue

2056 (1) a standard marijuana product manufacturing facility license; and

2057

2058 (2) a marijuana concentrate manufacturing facility license.

2059

2060 (b) A person seeking any type of marijuana product manufacturing facility license must

2061

2062 (1) submit an application for a marijuana product manufacturing facility license

2063 on a form the board prescribes, including the information set out at 3 AAC 306.020 and 3 AAC

2064 306.520; and

2065 (2) demonstrate to the board's satisfaction that it will operate in compliance with

2066

2067 (A) each applicable provision of 3 AAC 306.500 - 3 AAC 306.570 and 3

2068 AAC 306-700 - 3 AAC 306.755; and

2069 (B) each applicable public health, fire, safety, and tax code and ordinance

2070 of the state and the local government in which the applicant's proposed licensed premises

2071 are located.

2072 (c) A licensee of any marijuana product manufacturing facility, or an employee or agent

2075 of a marijuana product manufacturing facility, may not have an ownership interest in, or a direct  
2076 or indirect financial interest in any licensed marijuana testing facility. (Eff.\_\_\_\_/\_\_\_\_/\_\_\_\_,

2077 Register\_\_\_\_)

2078				
2079				
2080	<b>Authority:</b>	AS 17.38.010	AS 17.38.084	AS 17.38.100
2081				
2082		AS 17.38.070	AS 17.38.090	AS 17.38.900
2083				
2084				

2085 **3 AAC 306.505. Marijuana product manufacturing facility privileges.** (a) Except as  
2086 provided in 3 AAC 306.515, a licensed marijuana product manufacturing facility, including a  
2087 marijuana concentrate manufacturing facility, is authorized to

2088 (1) purchase marijuana from a marijuana cultivation facility including a  
2089 marijuana cultivation broker facility, or from another marijuana product manufacturing facility;

2090 (2) extract marijuana concentrate in compliance with 3 AAC 306.555;

2091 (3) manufacture, refine, process, cook, package, label, and store marijuana  
2092 products approved under 3 AAC 306.525, including

2094 (A) marijuana concentrate; or

2095 (B) any product intended for consumption or use on the body that is  
2096 comprised of marijuana and other ingredients, including edible products, ointments,  
2097 salves, patches, or tinctures;

2099 (4) sell, distribute, or deliver marijuana extract or any marijuana product only to a  
2100 licensed retail marijuana store or to another licensed marijuana product manufacturing facility;

2101 (5) provide and transport samples of marijuana concentrate or other marijuana  
2102 product to a certified marijuana testing lab for testing;

2103 (6) provide a sample of marijuana concentrate or a marijuana product approved  
2104 under 3 AAC 306.525 to a licensed retail marijuana store for the purpose of negotiating a sale;

2108 (7) store inventory in a restricted access area on the licensed premises as  
2109 provided in 3 AAC 306.535; and

2110 (8) transport marijuana in compliance with 3 AAC 306.750; or

2111  
2112 (9) conduct in-house testing for the marijuana product manufacturing facility's  
2113 own use. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

2114 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
2115  
2116 AS 17.38.070 AS 17.38.090 AS 17.38.900  
2117  
2118

2119 **3 AAC 306.510. Acts prohibited at marijuana product manufacturing facility. (a)**

2120 A licensed marijuana product manufacturing facility, including a licensed marijuana concentrate  
2121 manufacturing facility, may not

2122 (1) sell, deliver, distribute, or transfer marijuana, marijuana concentrate, or a  
2123 marijuana product directly to a consumer, with or without compensation;

2124 (2) sell marijuana, marijuana concentrate, or a marijuana product that is not  
2125 manufactured, packaged, and labeled in compliance with 3 AAC 306.500 – 3 AAC 306.570;

2126 (3) allow any person, including a licensee, employee, or agent, to consume  
2127 marijuana, marijuana concentrate, or a marijuana product on its licensed premises;

2128 (4) manufacture or sell any product that

2129 (A) is an adulterated food or drink;

2130 (B) is a marijuana product containing any food that requires temperature-  
2131 controlled storage to keep it safe for human consumption;

2132 (C) closely resembles any familiar food or drink item including candy; or

2133 (D) is packaged to look like candy, or in bright colors or with cartoon  
2134 characters or other pictures or images that would appeal to children; and  
2135  
2136  
2137

2141 (5) operate in a location that is a retail or wholesale food establishment.

2142  
2143 (b) In this section, “closely resemble” or “look like” means the product or its packaging  
2144 has a shape, color, markings, or decorative patterns that are familiar to the public from a widely  
2145 distributed branded food product, so that the marijuana product could easily be mistaken for that  
2146 branded product, especially by children.

2147 (c) A marijuana product manufacturing facility may not accept any marijuana from a  
2148 marijuana cultivation facility or another marijuana product manufacturing facility unless

2149 (1) all marijuana in the shipment is properly identified with a label generated in  
2150 the marijuana inventory tracking system of the licensed marijuana establishment that provided  
2151 the marijuana; and

2152 (2) a valid transport manifest showing the source and destination of the marijuana  
2153 is attached to the shipment.

2154 (d) A marijuana product manufacturing facility may not purchase or receive any  
2155 marijuana from a marijuana cultivation facility, or another marijuana product manufacturing  
2156 facility unless it receives evidence that tax due under AS 43.61.010 has been paid. If a marijuana  
2157 product manufacturing facility has marijuana on its premises without a certificate showing the  
2158 excise tax imposed under AS 43.61.010 has been paid on that marijuana, the marijuana product  
2159 manufacturing facility is liable for payment of the tax. (Eff./\_\_\_/\_\_\_, Register\_\_\_\_\_)

2160 **Authority:** AS 17.38.010 AS 17.38.090 AS 17.38.900

2161 AS 17.38.070 AS 17.38.100 AS 43.61.010

2162  
2163 AS 17.38.084

2164  
2165 **3 AAC 306.515. Marijuana concentrate manufacturing facility license.** A licensed  
2166 marijuana concentrate manufacturing facility has the privileges set out in 3 AAC 306.505, except

2169 that it may not

2170  
2171 (1) manufacture, refine, process, cook, package, label or store any marijuana  
2172 product other than marijuana concentrate;

2173 (2) sell, distribute, or deliver any marijuana product other than marijuana  
2174 concentrate to a retail marijuana store or to another marijuana product manufacturing facility;

2175 (3) provide and transport a sample of any marijuana product other than marijuana  
2176 concentrate to a licensed marijuana testing lab for testing; or

2177 (4) provide samples of any product other than marijuana concentrate to a licensed  
2178 retail marijuana store for purposes of negotiating a sale. (Eff. \_\_\_/\_\_\_/\_\_\_, Register\_\_\_)

2179 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100

2180  
2181 AS 17.38.070 AS 17.38.090 AS 17.38.900  
2182  
2183

2184 **3 AAC 306.520. Application for marijuana product manufacturing facility license.**

2185 An applicant for a marijuana product manufacturing facility license, including a marijuana  
2186 concentrate manufacturing facility, must file an application on a form the board prescribes, and  
2187 provide the information required under 3 AAC 306.020 and the following:  
2188

2189 (1) a copy of a food safety permit if required under 18 AAC 31.020;

2190 (2) a diagram of the proposed licensed premises required in 3 AAC 306.020(b),  
2191

2192 identifying the area where

2193 (A) in-house testing, if any, will occur; and

2194 (B) marijuana and any marijuana product, including marijuana  
2195

2196 concentrate, will be stored;

2197 (3) in the applicant's operating plan required under 3 AAC 306.020(c), a

2198 description of  
2199

2203 (A) the equipment and solvents, gases, chemicals, and other compounds  
2204 used to create concentrates and the processes to be used;

2205 (B) each marijuana product the applicant intends to process at this  
2206 location; the product description must include the color, shape, texture, ingredients and  
2207 standard production procedure to be used and the additional information required for  
2208 product approval in 3 AAC 306.525;

2209 (C) the packaging to be used for each type of product; and

2210 (D) sample labels showing how the labeling information required in  
2211 3 AAC 306.570 will be set out; and

2212 (E) the applicant's plan for disposal of waste. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_,  
2213 Register\_\_\_\_)  
2214  
2215  
2216

**Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900

2217  
2218 **Editor's note:** The form for an application for a marijuana product manufacturing  
2219 facility license or a marijuana concentrate manufacturing license is available online as provided  
2220 in the editor's note under 3 AAC 306.020.

2221 **3 AAC 306.525. Approval of concentrates and marijuana products.** (a) A marijuana

2222 product manufacturing facility, including a marijuana concentrate manufacturing facility, must  
2223 obtain the board's approval for each product it will manufacture for sale or transfer to another  
2224 licensed marijuana establishment. The board will not approve  
2225

2226 (1) any marijuana concentrate or product intended for sale directly to a consumer  
2227 if the concentrate or product will have THC potency equal to or greater than 76 percent; or

2228 (2) any product that is prohibited under 3 AAC 306.510(a)(4).

2229 (b) An applicant for a marijuana product manufacturing facility license may request the  
2230



2233 board's approval of its intended products with a new license application by including, in its  
2234 operating plan

2235 (1) a photograph, drawing, or graphic representation of the expected appearance  
2236 of each final product; and

2237 (2) the proposed standard production procedure and detailed manufacturing  
2238 process for each product.

2239 (c) A licensed marijuana product manufacturing facility may at any time submit a new  
2240 product approval request to the board on a form the board prescribes along with a fee of \$250.

2241 (d) A licensed marijuana product manufacturing facility shall keep its ingredient list and  
2242 potency limits for any food product containing marijuana on file at the marijuana product  
2243 manufacturing facility's licensed premises. The ingredient list and potency limits for any  
2244 product manufactured at the facility must be made available for inspection on request by the  
2245 director, or an employee or agent of the board. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

2246 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
2247  
2248 AS 17.38.070 AS 17.38.090 AS 17.38.900  
2249  
2250

2251 **3 AAC 306.530. Marijuana handler permit and food safety worker training.** (a) A

2252 marijuana product manufacturing facility shall ensure that each licensee, employee, or agent

2253 (1) obtains a marijuana handler permit as provided in 3 AAC 306.700 before  
2254 being present or employed at the marijuana product manufacturing facility's licensed premises;

2255 and

2256 (2) has the marijuana handler permit card in the person's immediate possession at  
2257 all times while on the marijuana product manufacturing facility's licensed premises.

2258 (b) A licensee, employee, or agent of a licensed marijuana product manufacturing

2261 facility who handles marijuana at the facility shall obtain a food safety worker card in  
2262 compliance with AS 18.31.330, and keep that card in that person's possession at all times while  
2263 on the licensed premises of the marijuana product manufacturing facility. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_,  
2264 Register\_\_\_\_)

2265  
2266  
2267 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
2268  
2269 AS 17.38.070 AS 17.38.090 AS 17.38.900  
2270  
2271

2272 **3 AAC 306.535. Restricted access and storage areas.** (a) A marijuana product  
2273 manufacturing facility shall conduct any extraction or product manufacturing operation in a  
2274 restricted area in compliance with 3 AAC 306.710.

2275 (b) A marijuana product manufacturing facility shall have full video surveillance of the  
2276 licensed premises as provided in 3 AAC 306.720, including any area where

- 2277 (1) marijuana concentrate is produced;  
2278  
2279 (2) any operation involved in manufacturing any product containing marijuana  
2280 occurs,  
2281  
2282 (3) marijuana or a marijuana product is stored or stockpiled; or  
2283  
2284 (4) marijuana waste is destroyed.  
2285  
2286

2287 (c) Any area where marijuana or a marijuana product is stored must be moisture and  
2288 temperature controlled and protected from pests and vermin. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register  
2289 \_\_\_\_)

2290  
2291  
2292 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
2293  
2294 AS 17.38.070 AS 17.38.090 AS 17.38.900  
2295  
2296

2297 **3 AAC 306.540. Marijuana inventory tracking system.** (a) A marijuana product  
2298 manufacturing facility shall use a marijuana inventory tracking system as provided in 3 AAC

2301 306.730 to ensure that the marijuana product manufacturing facility identifies and tracks any  
2302 marijuana or marijuana product from the time the marijuana or marijuana product is received,  
2303 through

2304 (1) use of the marijuana or marijuana product in manufacturing any other  
2305 marijuana product;

2306 (2) sale or transfer of the marijuana or marijuana product originally received, or  
2307 any marijuana product manufactured at that marijuana product manufacturing facility to another  
2308 licensed marijuana establishment; and

2309 (3) disposal of any expired or outdated marijuana or marijuana product that is not  
2310 sold or transferred to another licensed marijuana establishment.

2311 (b) When marijuana from a marijuana cultivation facility or marijuana product from  
2312 another marijuana product manufacturing facility is delivered or transported to the licensed  
2313 premises of a marijuana product manufacturing facility, the marijuana product manufacturing  
2314 facility shall immediately enter tracking information for that marijuana or marijuana product into  
2315 the inventory tracking system. A marijuana product manufacturing facility may not accept any  
2316 marijuana or marijuana product that does not have a valid transport manifest generated from the  
2317 marijuana inventory tracking system of the licensed marijuana establishment that supplies the  
2318 marijuana or marijuana product.

2319 (c) A marijuana product manufacturing facility shall track any received marijuana or  
2320 marijuana product to its use in a marijuana product, and shall reconcile each transaction to its  
2321 inventory tracking system at the close of business each day.

2322 (d) A marijuana product manufacturing facility shall account for any variance in the  
2323 quantity of marijuana or marijuana product the facility received, and the quantity the facility

2326 sold, transferred, or disposed of. (Eff.\_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)  
2327

**Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900

2328  
2329 **3 AAC 306.545. Health and safety standards.** (a) A marijuana product manufacturing  
2330 facility shall comply with the health and safety standards set out in 3 AAC 306.735, the Alaska  
2331 Food Safety Code, 18 AAC 31, if applicable, and any local kitchen-related health and safety  
2332 standards for retail food establishments.

2333 (b) In addition to inspection by the director or an employee or agent of the board, a  
2334 marijuana product manufacturing facility is subject to inspection by local safety officials,  
2335 including a local fire department, building inspector, or code enforcement officer. (Eff.\_\_\_\_/\_\_\_\_  
2336 /\_\_\_\_, Register\_\_\_\_)  
2337

**Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900

2338  
2339 **3 AAC 306.550. Required laboratory testing.** (a) A marijuana product manufacturing  
2340 facility shall provide a sample of each marijuana product manufactured at the facility to a  
2341 licensed marijuana testing facility, and may not sell or transport any marijuana product until all  
2342 laboratory testing required by 3 AAC 306.645 has been completed.

2343 (b) To comply with (a) of this section, a marijuana product manufacturing facility shall

2344 (1) collect a random sample for testing by selecting a product from each  
2345

2346 production lot in an amount required by the marijuana testing facility;

2347 (2) designate an individual responsible for collecting each sample; that individual  
2348 shall

2349 (A) prepare a signed statement showing that each sample has been  
2350  
2351

2354 randomly selected for testing;

2355 (B) provide the signed statement to the marijuana testing facility; and

2356 (C) maintain a copy as a business record under 3 AAC 306.755, and

2357  
2358 (3) transport the sample to the marijuana testing facility in compliance with

2359  
2360  
2361 3 AAC 306.750.

2362 (c) After collecting and transporting a sample for testing, a marijuana product  
2363 manufacturing facility shall segregate the entire production lot from which the testing sample  
2364 was selected until the marijuana testing facility reports the results from its tests. During this  
2365 period of segregation, the marijuana product manufacturing facility that provided the sample  
2366 shall maintain the production lot in a secure, cool, and dry location to prevent the marijuana  
2367 product from becoming contaminated or losing its efficacy. The marijuana product  
2368 manufacturing facility may not sell or transport any marijuana product from the segregated lot  
2369 until the marijuana testing facility has completed its testing and analysis and provided those  
2370 results, in writing, to the marijuana product manufacturing facility that provided the sample. The  
2371 marijuana product manufacturing facility shall maintain the testing results as part of its business  
2372 records. (Eff. \_\_\_/\_\_\_/\_\_\_\_, Register\_\_\_\_\_)

2373 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100

2374

2375 AS 17.38.070 AS 17.38.090 AS 17.38.900

2376

2377

2378 **3 AAC 306.555. Production of marijuana concentrate.** (a) Before producing any  
2379 marijuana concentrate for sale, a marijuana product manufacturing facility shall develop standard  
2380 operating procedures, good manufacturing practices, a safety plan, and a training plan for each  
2381 individual employed in an extraction process.

2382 (b) A marijuana product manufacturing facility may create marijuana concentrates only

2385 as follows:

2386

2387

(1) water-based marijuana concentrate may be produced by extracting

2388

cannabinoids from marijuana by using only water, ice or dry ice;

2389

(2) food-based marijuana concentrate may be produced by extracting

2390

cannabinoids from marijuana through the use of propylene glycol, glycerin, butter, olive oil, or

2391

other typical cooking fats; infused dairy butter and oils or fats derived from natural sources may

2392

be used to prepare infused edible products, but may not be prepared as stand-alone edible

2393

products for sale;

2394

(3) solvent-based marijuana concentrate may be produced using the hydrocarbons

2395

N-butane, isobutane, propane, or heptane or other solvents or gases the board approves that

2396

exhibit low to minimal potential human health-related toxicity; approved solvents must be of at

2397

least ninety-nine percent purity and must be used

2398

(A) in a professional grade closed loop extraction system designed to

2399

recover the solvents;

2400

(B) in an environment with proper ventilation; and

2401

2402

(C) with control of all sources of ignition if a flammable atmosphere is or

2403

may be present.

2404

(c) A marijuana product manufacturing facility using a professional grade closed loop

2405

gas extraction system must ensure that

2406

(1) every vessel is used in compliance with the manufacturer's stated pressure

2407

ratings;

2408

2409

(2) any CO<sub>2</sub> used is of at least ninety-nine percent purity;

2410

2411

2412

(3) any person using a solvent or gas to extract marijuana concentrate in the

2415 closed looped system must be fully trained on how to use the system, have direct access to  
2416 applicable material safety data sheets, and handle and store the solvent and gas safely;

2417 (4) a licensed engineer has certified that the professional grade closed loop  
2418 system was commercially manufactured, is safe for its intended use, and is built to codes of  
2419 recognized and generally accepted engineering practices;

2420 (5) any professional grade closed loop system, and other equipment and facilities  
2421 used in the extraction process must be approved for their use by the local fire code official and  
2422 must meet any applicable fire, safety, and building code requirements.

2423 (d) A marijuana product manufacturing facility may use heat, screens, presses, steam  
2424 distillation, ice water, and other methods without employing solvents or gases to create kief,  
2425 hashish, bubble hash, infused dairy butter, or oils or fats derived from natural sources, and other  
2426 extracts.

2427 (e) A marijuana product manufacturing facility may use food grade glycerin, ethanol,  
2428 and propylene glycol solvents to create extracts. All ethanol must be removed from the extract in  
2429 a manner to recapture the solvent and ensure that it is not vented into the atmosphere. (Eff.

2430 \_\_\_/\_\_\_/\_\_\_, Register\_\_\_\_)  
2431

**Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900

2432  
2433 **3 AAC 306.560. Potency limits per serving and transaction for edible marijuana**

2434 **products.** (a) A marijuana product manufacturing facility may not prepare any product with  
2435 potency levels exceeding the following, as tested in compliance with 3 AAC 306.645:

2436 (1) for a single serving of marijuana product, five milligrams active  
2437 tetrahydrocannabinol (THC) or Delta 9;

2441 (2) in a single packaged unit of marijuana product to be eaten or swallowed, not  
2442 more than ten servings, or fifty milligrams of active THC or Delta 9; the THC content must be  
2443 homogenous, or evenly distributed throughout the marijuana infused product. (Eff. \_\_\_\_/\_\_\_\_  
2444 /\_\_\_\_, Register\_\_\_\_)  
2445

**Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900

2446 **3 AAC 306.565. Packaging of marijuana products.** (a) A marijuana product  
2447  
2448 manufacturing facility shall observe the potency limits set out in 3 AAC 306.560 in packaging  
2449 each product for resale by a retail marijuana store.

2450 (b) A container or packaging for any edible marijuana product produced by a marijuana  
2451 product manufacturing facility must be designed or constructed in compliance with 16 C.F.R.  
2452 – 1700.20, as amended Dec. 30, 1983 to be significantly difficult for children under five years  
2453 of age to open; but not normally difficult for adults to use properly. The container or packaging  
2454 may not have any printed images, including cartoon characters, that specifically target  
2455 individuals under the age of 21. In addition, the packaging must

2456 (1) protect the product from contamination and not impart any toxic or damaging  
2457 substance to the product;

2458 (2) be four mil or greater thickness plastic, heat sealed and with no easy-open  
2459 corner, dimple or flap; marijuana product in liquid form may also be sealed using a metal crown  
2460 product;

2461 (3) be opaque so that the product cannot be seen without opening the packaging  
2462 material;

2463  
2464 (4) if the marijuana package contains multiple servings or is intended for more  
2465



2468 than a single use, the packaging must be resealable to childproof standards in compliance with  
2469 C.F.R. 1700.01 – 1700.20, as amended Dec. 30, 198; and  
2470

2471 (5) if the marijuana product contains multiple servings, the product itself must  
2472 have markings or demarcations clearly delineating each serving of the product. For liquid  
2473 marijuana products with multiple servings the packaging must indicate the number and size of  
2474 individual servings.  
2475

2476 (c) A licensed marijuana product manufacturing facility may transfer marijuana products  
2477 that are not edible marijuana products to another licensed facility in wholesale packages not to  
2478 exceed 5 pounds.

2479 (d) Each packaged marijuana product must be identified by a tracking label generated by  
2480 the marijuana product manufacturing facility's marijuana inventory control system.

2481 (e) A licensed marijuana product manufacturing facility shall prepare marijuana products  
2482 for transfer to another marijuana establishment by

2483 (1) placing marijuana products within a sealed, tamper-evident shipping  
2484 container;

2485 (2) affixing a label that complies with 3 AAC 306.570(d) to the shipping  
2486 container; and  
2487

2488 (3) generating a transport manifest from the marijuana product manufacturing  
2489 facility's marijuana inventory system; the transport manifest must remain with the marijuana  
2490 products at all times while being transported, and a copy must be given to the licensed marijuana  
2491 establishment that receives the shipment. (Eff. \_\_\_/\_\_\_/\_\_\_, Register\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900

2497 **3 AAC 306.570. Labeling of marijuana products.** (a) With each production lot of  
2498 marijuana product sold, a marijuana product manufacturing facility must disclose in writing the  
2499 name of the licensed marijuana testing facility that performed any required test and the results of  
2500 each required test.

2501 (b) A marijuana product may not be labeled as organic unless permitted by the United  
2502 States Department of Agriculture in compliance with 7 U.S.C. 6501 (Organic Foods Production  
2503 Act of 1990).

2504 (c) A marijuana product manufacturing facility shall affix a label containing the  
2505 following information to each package of marijuana product sold to a retail store for resale to a  
2506 consumer:

2507 (1) the name and license number of the marijuana product manufacturing facility  
2508 where the marijuana product was prepared;

2509 (2) the production lot number assigned to the product in the package;

2510 (3) the net weight of the product in the package, not including weight of  
2511 packaging, using a standard of measure compatible with the inventory tracking system;

2512 (4) a label containing the following statements:

2513 (A) "Marijuana has intoxicating effects and may be habit forming;"  
2514

2515 (B) "Marijuana can impair concentration, coordination, and judgment. Do  
2516 not operate a vehicle or machinery under its influence;"  
2517

2518 (C) "There may be health risks associated with consumption of  
2519 marijuana;" and  
2520

2521 (D) "For use only by adults twenty-one and older. Keep out of the reach of  
2522 children"  
2523

2527 (E) “Marijuana should not be used by women who are pregnant or breast  
2528  
2529 feeding.”

2530 (d) A marijuana product manufacturing facility transporting marijuana product to a  
2531 retail marijuana store shall affix a label to the shipping container showing that a licensed  
2532 marijuana testing facility has tested each lot of marijuana product in the shipment and giving the  
2533 test results, including the following information:  
2534

2535 (1) a cannabinoid potency profile expressed as a range of percentages that  
2536 extends from the lowest percentage to highest percentage of concentration for each cannabinoid  
2537 listed from every test conducted on that production lot from the same marijuana product  
2538 manufacturing facility within the last three months;

2539 (2) a statement listing the results of microbial testing required by 3 AAC  
2540 306.645(b)(2);  
2541

2542 (3) a statement listing the results of residual solvent testing required by 3 AAC  
2543 306.645(b)(3), if applicable;  
2544

2545 (4) a statement listing any of the following contaminants for which the product  
2546 was tested:  
2547

2548 (A) molds, mildew and filth, in addition to the testing required by  
2549 3 AAC 306.645(b)(2);  
2550

2551 (B) herbicides, pesticides, and fungicides, and  
2552

2553 (C) harmful chemicals.  
2554

2555 (e) If a marijuana product manufacturing facility ships wholesale marijuana product from  
2556 a production lot of marijuana product that has not been tested for each contaminant listed in  
2557 (d)(4) of this section, the label for that lot must include a statement identifying each contaminant  
2558  
2559

2562 listed in (d)(4) of this section for which that lot has not been tested. (Eff. \_ / \_\_\_ / \_\_\_\_\_,  
2563 Register \_\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900

2564  
2565  
2566

## Article 6. Marijuana Testing Facilities.

2567  
2568

### Section

2569

2570

2571 600. Applicability

2572

2573 605. Marijuana testing facility license required

2574

2575 610. Marijuana testing facilities: privileges and prohibitions

2576

615. Application for marijuana testing facility license

2577

620. Approval of testing facility

2578

625. Proficiency testing program

2579

630. Scientific director

2580

635. Testing methodologies

2581

2582 640. Standard operating procedure manual

2583

2584 645. Laboratory testing of marijuana and marijuana products

2585

650. Chain of custody

2586

655. Marijuana inventory tracking system

2587

660. Failed materials, retests

2588

665. Supplemental marijuana quality testing

2589

670. Reporting, verification

2590

675. Records retention

2593 **3 AAC 306.600. Applicability.** (a) The provisions of 3 AAC 306.600 - 3 AAC  
2594 306.675 apply to any person offering any service testing, analyzing, or certifying potency,  
2595 moisture content, pesticide or solvent residue, mold, mildew, bacteria, or other contaminant in  
2596 marijuana or any marijuana product to any other person including a marijuana establishment or  
2597 any member of the public, whether for compensation or not, as a independent or third party  
2598 testing facility.

2599 (b) The provisions of 3 AAC 306.600 - 3 AAC 306.675 do not apply to any licensed  
2600 marijuana establishment that controls marijuana testing equipment used solely for its own in-  
2601 house testing of its own cultivated crop, of products produced or manufactured at its own  
2602 facility, or of retail products placed or offered for sale in its marijuana retail store. (Eff. \_\_\_\_/ \_\_\_\_  
2603 / \_\_\_\_, Register \_\_\_\_)  
2604

**Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900

2605  
2606 **3 AAC 306.605. Marijuana testing facility license required.** (a) A person may not  
2607 offer or provide any marijuana testing service or test results unless the person has obtained a  
2608 marijuana testing facility license from the board in compliance with this chapter, or is an  
2609 employee or agent acting for a licensed marijuana testing facility.

2610 (b) A person seeking a marijuana testing facility license must  
2611  
2612 (1) submit an application for a marijuana testing facility license on a form the  
2613 board prescribes, including the information set out at 3 AAC 306.020 and 3 AAC 306.615; and  
2614 (2) demonstrate to the board's satisfaction that the applicant will operate in  
2615 compliance with

2616 (A) each applicable provision of 3 AAC 306.600 – 3 AAC 306.675, and

2619 3 AAC 306.700 - 3 AAC 306.755; and

2620  
2621 (B) each applicable public health, fire, safety, and tax code and ordinance  
2622 of the state and the local government in which the applicant’s proposed licensed premises  
2623 are located.

2624 (C) does not hold any marijuana establishment license in Alaska other  
2625 than a testing facility license, or have any financial interest in common with any person  
2626 who is a licensee of a marijuana establishment in Alaska other than a testing facility  
2627 license; and

2628 (D) meets the board’s standards for approval as set out in 3 AAC 306.620  
2629 - 3 AAC 306.625.

2630  
2631 (c) A licensee of any marijuana testing facility, or an employee or agent of a licensed  
2632 marijuana testing facility may not have an ownership interest in, or a direct or indirect financial  
2633 interest in any other licensed marijuana establishment. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

2635	<b>Authority:</b>	AS 17.38.010	AS 17.38.084	AS 17.38.100
2636				
2637		AS 17.38.070	AS 17.38.090	AS 17.38.900
2638				
2639				

2640 **3 AAC 306.610. Marijuana testing facilities: privileges and prohibitions.** (a) A  
2641 licensed marijuana testing facility may have any amount of marijuana and marijuana product on  
2642 its premises at any given time provided that the testing facility’s marijuana inventory tracking  
2643 system and other records document that all marijuana and marijuana products are on the  
2644 premises only for the testing purposes described in 3 AAC 306.600 – 3 AAC 3306.675.

2645 (b) A licensed marijuana testing facility may not  
2646  
2647 (1) have any licensee, employee, or agent who holds any type of marijuana  
2648 establishment license other than a marijuana testing facility license issued under this chapter;

2652 (2) sell, deliver, distribute, or transfer any marijuana or marijuana product to a  
2653 consumer, with or without compensation; or

2654 (3) allow any person to consume marijuana or marijuana product on its licensed  
2655 premises. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

2656	<b>Authority:</b>	AS 17.38.010	AS 17.38.084	AS 17.38.100
2657				
2658				
2659		AS 17.38.070	AS 17.38.090	AS 17.38.900
2660				

2661 **3 AAC 306.615. Application for marijuana testing facility license.** An applicant for a  
2662 new marijuana testing facility license must file an application on a form the board prescribes,  
2663 including

- 2664 (1) the information required under 3 AAC 306.020; and
- 2665 (2) the proposed marijuana testing facility’s operating plan, including, in addition  
2666 to the information required under 3 AAC 306.020(c), the following:

- 2668 (A) each test the marijuana testing facility will offer;
- 2669 (B) the facility’s standard operating procedure for each test the facility  
2670 will offer; and
- 2671 (C) the acceptable range of results for each test the facility will offer.

2672 will offer; and

2673 (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

2676	<b>Authority:</b>	AS 17.38.010	AS 17.38.084	AS 17.38.100
2677				
2678				
2679		AS 17.38.070	AS 17.38.090	AS 17.38.900
2680				

2681 **3 AAC 306.620. Approval of testing facility.** (a) A person seeking a marijuana testing  
2682 facility license must first obtain the approval of the board or the board’s contractor by showing  
2683 competence to perform each test the licensee will offer as an independent third party testing  
2684 facility, including tests to identify

- 2688 (1) THC, THCA, CBD, CBDA and CBN potency;
- 2689
- 2690 (2) harmful microbials including E. coli or salmonella;
- 2691
- 2692 (3) residual solvents;
- 2693
- 2694 (4) poisons or toxins;
- 2695
- 2696 (5) harmful chemicals;
- 2697
- 2698 (6) dangerous molds, mildew or filth;
- 2699
- 2700 (7) pesticides.
- 2701
- 2702 (b) In evaluating whether a person has shown competence in testing under this section,
- 2703 the board or the board's contractor may
- 2704 (1) conduct an on-site inspection of the applicant's premises;
- 2705
- 2706 (2) require the applicant to demonstrate proficiency in testing; and
- 2707
- 2708 (3) examine compliance with any applicable requirement of 3 AAC 306.630 -
- 2709 3AAC 306.675, and 3 AAC 306.700 - 3AAC 306.755, including
- 2710 (A) qualifications of personnel;
- 2711
- 2712 (B) standard operating procedure for each testing methodology the facility
- 2713 will use;
- 2714
- 2715 (C) proficiency testing results;
- 2716
- 2717 (D) quality control and quality assurance;
- 2718
- 2719 (E) security;
- 2720
- 2721 (F) chain of custody;
- 2722
- 2723 (G) specimen retention;
- 2724
- 2725 (H) space;
- 2726
- 2727 (I) records; and
- 2728



2732 (J) reporting of results.

2733  
2734 (c) In this section, “approval” means the board or its contractor has examined the  
2735 qualifications and procedures of the marijuana testing facility license applicant and found them  
2736 generally in compliance with good laboratory practices; “approval” does not mean the board  
2737 guarantees that the testing facility can or will protect the public from all potential hazards of  
2738 marijuana including microbials, poisons or toxins, residual solvents, pesticides, or other  
2739 contaminants. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

2740 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
2741  
2742 AS 17.38.070 AS 17.38.090 AS 17.38.900  
2743  
2744

2745 **3 AAC 306.625. Proficiency testing program.** (a) When an accredited proficiency  
2746 testing program becomes available in the state, the board may require an applicant for a  
2747 marijuana testing facility license to participate successfully in a proficiency testing program  
2748 within 12 months before receiving a license. The proficiency testing program must require an  
2749 applicant for a marijuana testing facility license or a participating licensed marijuana testing  
2750 facility to analyze test samples using the same procedures with the same number of replicate  
2751 analyses, standards, testing analysts, and equipment that will be used for product testing.

2752 Successful participation means the positive identification of 80 percent of the target analytes that  
2753 the testing facility reports, and must include quantitative results when applicable. Any false  
2754 positive results reported will be considered an unsatisfactory score for the proficiency test.

2755 (b) Before renewing the license of a marijuana testing facility, the board may require the  
2756 facility to participate in a proficiency testing program with documentation of continued  
2757 performance satisfactory to the board. The license of a marijuana testing facility may be limited,  
2758 suspended, or revoked if the facility fails to participate and receive a passing score in a

2761 proficiency testing program.

2762 (c) The scientific director and each testing analyst of an applicant for a marijuana testing  
2763 facility license and a licensed marijuana testing facility that participated in a proficiency test shall  
2764 sign a corresponding attestation statement. The scientific director must review and evaluate  
2765 each proficiency test result.

2766 (d) An applicant for a marijuana testing facility license, and a licensed marijuana testing  
2767 facility participating in the proficiency testing program, shall take and document remedial action  
2768 when the applicant or the facility meets the standards of (a) of this section, but scores less than  
2769 100 percent in a proficiency test. "Remedial action" means the marijuana testing facility's  
2770 scientific director shall, at a minimum, review all samples tested and results reported after the  
2771 date of the marijuana testing facility's last successful proficiency test. (Eff.\_\_\_\_/\_\_\_\_/\_\_\_\_,

2772 Register\_\_\_\_\_) )

2773	<b>Authority:</b>	AS 17.38.010	AS 17.38.084	AS 17.38.100
2774				
2775				
2776		AS 17.38.070	AS 17.38.090	AS 17.38.900
2777				
2778				
2779				
2780				

2781 **3 AAC 306.630. Scientific director.** (a) A marijuana testing facility must employ a  
2782 scientific director who must be responsible for

- 2783 (1) overseeing and directing the laboratory's scientific methods;
- 2784 (2) ensuring that the laboratory achieves and maintains quality standards of
- 2785 practice; and
- 2786 (3) supervising all staff of the laboratory.

2787 (b) The scientific director of a marijuana testing facility must have the following  
2788 qualifications:

- 2789 (1) a doctorate degree in chemical or biological sciences from an accredited

2796 college or university and have at least 2 years of post-degree laboratory experience;

2797  
2798 (2) a master's degree in chemical or biological sciences from an accredited

2799 college or university and have at least 4 years of post-degree laboratory experience; or

2800 (3) a bachelor's degree in chemical or biological sciences from an accredited

2801 college or university and have at least 6 years of post-degree laboratory experience. (Eff.

2802 \_\_\_/\_\_\_/\_\_\_, Register \_\_\_\_\_)

2803

**Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100

AS 17.38.070 AS 17.38.090 AS 17.38.900

2804

2805 **3 AAC 306.635. Testing methodologies.** (a) An applicant for a marijuana testing

2806 facility license and a licensed marijuana testing facility shall

2807 (1) use the following materials, which are hereby adopted by reference, as

2808 guidelines or references for testing methodologies:

2809 (A) *Cannabis Inflorescence: Standards of Identity, Analysis, and Quality*

2810 *Control, Revision 2014* published by the American Herbal Pharmacopoeia; and

2811 (B) United Nations Office on Drugs and Crime: Recommended methods

2812 for the identification and analysis of cannabis and cannabis products: Manual for use by national

2813 drug analysis laboratories (2009).

2814 (2) notify the board of any alternative scientifically valid testing methodology the

2815 facility proposes to use for any laboratory test it conducts; the board may require third-party

2816 validation of any monograph, peer reviewed scientific journal article, or analytical method the

2817 marijuana testing facility proposes to follow to ensure the methodology produces comparable

2818 and accurate results.

2819 (b) An applicant for a marijuana testing facility license and the holder of a marijuana

2822 testing facility license must be familiar with, and to the extent possible, integrate into the  
2823 facility's operations the good laboratory practices set out in the following materials, hereby  
2824 adopted by reference

2825 (1) 21 C.F.R. 58, as revised as of Dec. 22, 1978; and

2826  
2827 (2) *Principles of Good Laboratory Practice and Compliance Monitoring*

2828 published by the Organization for Economic Co-operation and Development (OECD), as revised  
2829 as of 1999.

2830 (c) The board or the board's contractor may inspect the practices, procedures, and  
2831 programs adopted, followed, and maintained by the applicant or the licensed marijuana testing  
2832 facility; and may examine all records of the applicant or the licensed marijuana testing facility  
2833 that are related to the inspection. The board may require an applicant or a licensed marijuana  
2834 testing facility to have an independent third party inspect and monitor laboratory operations to  
2835 assess testing competency and the facility's compliance with its quality program. The board may  
2836 require random validation of a marijuana testing facility's execution of all testing methodologies  
2837 the facility uses. The marijuana testing facility must pay all costs of validation. (Eff. \_\_\_\_/\_\_\_\_  
2838 /\_\_\_\_, Register\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100

AS 17.38.070 AS 17.38.090 AS 17.38.900

2840  
2841 **Editor's note:** *Cannabis Inflorescence: Standards of Identity, Analysis, and Quality*  
2842 *Control, Revision 2014*, published by the American Herbal Pharmacopoeia may be obtained  
2843 from the American Herbal Pharmacopoeia, P.O. Box 66809, Scotts Valley, California 95067, or  
2844 at the Internet address <http://www.herbal-ahp.org/>

2845  
2846 United Nations Office on Drugs and Crime: Recommended methods for the identification  
2847 and analysis of cannabis and cannabis products: Manual for use by national drug analysis  
2848 laboratories (2009).is available at the internet address  
2849 <https://www.unodc.org/documents/scientific/ST-NAR-40-Ebook.pdf>

2852 *OECD Principles of Good Laboratory Practice and Compliance Monitoring* published  
2853 by the Organisation for Economic Co-operation and Development as revised as of 1997 is  
2854 available at the internet address

2855 **3 AAC 306.640. Standard operating procedure manual.** (a) An applicant for a  
2856 marijuana testing facility license and a licensed marijuana testing facility must have a written  
2857 procedures manual with detailed instructions explaining how to perform each testing method the  
2858 applicant or marijuana testing facility uses, and minimum standards for each test. The written  
2859 procedures manual must be available to each employee of the marijuana testing facility at all  
2860 times. A standard operating procedures manual must cover at least the following procedures:  
2861

- 2862 (1) sample preparation;
- 2863
- 2864 (2) reagent, solution, and reference standard preparation;
- 2865
- 2866 (3) instrument setup, where applicable;
- 2867
- 2868 (4) standardization of volumetric reagent solutions, as applicable;
- 2869
- 2870 (5) data acquisition; and
- 2871
- 2872 (6) calculation of results.
- 2873

2874 (b) The scientific director of a licensed marijuana testing facility shall approve, sign, and  
2875 date each standard operating procedure, and each revision to any standard operating procedure.

2876 (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

2877 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
2878  
2879 AS 17.38.070 AS 17.38.090 AS 17.38.900  
2880  
2881

2882 **3 AAC 306.645. Laboratory Testing of Marijuana and Marijuana Products.** (a) A  
2883 licensed marijuana testing facility must use the general body of required laboratory tests for  
2884 marijuana plant material, any extract or concentrate of marijuana, and any edible marijuana  
2885 products as listed in the tables in this section. Required tests may include potency analysis,

2888 moisture content, foreign matter inspection, microbial screening, pesticide, other chemical  
2889 residue, and metals screening, and residual solvents levels. A marijuana testing facility shall  
2890 establish a schedule of fees and sample size required for each test it offers.

2891 (b) The tests required for each marijuana type or marijuana product, are as follows:

2892  
2893

(1) potency testing is required on marijuana bud and flower, marijuana  
2894 concentrate, and marijuana product, and is subject to the following rules:

2895 (A) required cannabinoid potency test must at least determine the  
2896 concentration of THC, THCA, CBD, CBDA and CBN cannabinoids; a marijuana testing  
2897 facility may test and report results for any additional cannabinoid provided the test is  
2898 conducted in compliance with a validated method;

2899 (B) a marijuana testing facility shall report potency test results as follows:

2900  
2901

(i) for a potency test on marijuana and marijuana concentrate, by  
2902 listing for each required cannabinoid a single percentage concentration that  
2903 represents an average of all samples within the test batch; alternatively, the sum of  
2904 THC + THCA may be reported as total THC; the sum of CBD + CBDA may be  
2905 reported as total CBD;

2906 (ii) for a potency test on a marijuana product, whether conducted  
2907 on each individual production lot or using process validation, by listing for each  
2908 cannabinoid the total number of milligrams contained within a single retail  
2909 marijuana product unit for sale; and

2910 (iii) for testing whether the THC content is homogenous, the THC  
2911 content of each single serving in a multi-unit package must be reported, and must  
2912 be within 20% of the manufacturer's target; for example, in a 25 mg total THC

2916 package with 5 servings, each serving must contain between 4 and 6 mg of THC;

2917  
 2918 (C) edible marijuana products will be considered to have failed potency  
 2919

2920 testing if:

2921 (i) an individually packaged edible retail marijuana product  
 2922

2923 contained within a test lot is determined to have more than 50 mg of THC within

2924 it, then the test batch is considered to have failed potency testing;

2925 (ii) if the THC content of an edible marijuana product is not

2926 homogenous, then it is considered to have failed potency testing;

2927 (2) microbial testing for the listed substances on the listed marijuana products is

2928 required as follows:

Substance	Acceptable Limits Per Gram	Product to be Tested
-Shiga-toxin producing Escherichia coli (STEC)*- Bacteria	< 1 Colony Forming Unit (CFU/g)	Flower; Retail Marijuana Products; Water- and Food-Based Concentrates
Salmonella species* – Bacteria	< 1 Colony Forming Unit (CFU/g)	
Aspergillus fumigatus, Aspergillus flavus, Aspergillus niger - Fungus	< 1 Colony Forming Unit (CFU/g)	

2929 (3) testing for the listed residual solvents and metals on the listed marijuana  
 2930

2931 products is required as follows:

Substance	Acceptable Limits Per Gram	Product to be Tested
Butanes	< 800 Parts Per Million (PPM)	Solvent-Based Concentrates
Heptanes	< 500 Parts Per Million (PPM)	
Benzene**	< 1 Parts Per Million (PPM)	
Toluene**	< 1 Parts Per Million (PPM)	
Hexane**	< 10 Parts Per Million (PPM)	
Total Xylenes (m,p, o-xylenes)**	< 1 Parts Per Million (PPM)	
Any solvent not permitted for use pursuant to Rule R 605.	None Detected	

2932 (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

2933 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
 2934

AS 17.38.070 AS 17.38.090 AS 17.38.900

2935 **3 AAC 306.650. Chain of custody.** A marijuana testing facility must establish an  
 2936

- 2939 adequate chain of custody and sample requirement instructions that include  
2940  
2941 (1) issuing instructions for the minimum sample requirements and storage  
2942  
2943 requirements;  
2944  
2945 (2) documenting the condition of the external package and integrity seals utilized  
2946  
to prevent contamination of, or tampering with, the sample;  
2947  
2948 (3) documenting the condition and amount of sample provided at the time the  
sample is received at the facility;  
2949  
2950 (4) documenting each person handling the original samples, aliquots, and  
2951  
2952 extracts;  
2953  
2954 (5) documenting any transfer of samples, aliquots, and extracts to another  
2955  
marijuana testing facility for additional testing or at the request of the marijuana cultivation  
2956  
2957 facility or marijuana product manufacturer that provided the testing sample;  
2958  
2959 (6) maintaining a current list of authorized personnel and restricting entry to the  
2960  
2961 facility to those authorized persons;  
2962  
2963 (7) securing the facility during non-working hours;  
2964  
2965 (8) securing short-term and long-term storage areas when not in use;  
2966  
2967 (9) using a secured area to log in and aliquot samples;  
2968  
2969 (10) ensuring samples are stored appropriately; and  
2970  
2971 (11) documenting the disposal of samples, aliquots, and extracts. (Eff. \_\_\_/\_\_\_

/\_\_\_\_, Register\_\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900

**3 AAC 306.655. Marijuana inventory tracking system.** (a) A marijuana testing



2974 facility shall use an inventory tracking system as provided in 3 AAC 306.730 to ensure all  
2975 marijuana transported to the marijuana testing facility's premises is identified and tracked from  
2976 the time the marijuana arrives at the testing facility to the use and destruction of the marijuana in  
2977 testing, or disposal in compliance with 3 AAC 306.740.

2978 (b) When a marijuana testing facility completes any testing, use, or research, it shall  
2979 immediately dispose of any sample received under this section. If a marijuana testing facility  
2980 disposes of a sample received under this section, the testing facility shall document the disposal  
2981 of the sample using its inventory control system. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)

2982 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
2983  
2984 AS 17.38.070 AS 17.38.090 AS 17.38.900  
2985  
2986

2987 **3 AAC 306.660. Failed materials, retests.** (a) If a sample tested by a marijuana testing  
2988 facility does not pass the required tests based on the standards set out in 3 AAC 306.645, the  
2989 facility that provided the sample shall

2990 (1) dispose of the entire harvest batch or production lot from which the sample  
2991 was taken; and  
2992

2993 (2) document the disposal of the sample using its marijuana inventory control  
2994 system.  
2995

2996 (b) If a sample of marijuana fails a required test, any marijuana plant trim, leaf, and other  
2997 usable material from the same plants automatically fails the required test. The board may  
2998 approve a request to allow a batch of marijuana that fails a required test to be used to make a  
3000 CO2 or solvent-based extract. After processing, the CO2 or solvent-based extract must pass all  
3001 required tests.  
3002

3003 (c) If a marijuana cultivation facility or a marijuana product manufacturing facility

3006 petitions for a re-test of marijuana or a marijuana product that failed a required test, the board  
3007 may authorize a retest to validate the test results. The marijuana cultivation facility or a  
3008 marijuana product manufacturing facility must pay all costs of a retest. (Eff.\_\_\_\_/\_\_\_\_/\_\_\_\_,

3009 Register\_\_\_\_\_) )

3010  
3011  
3012 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
3013  
3014  
3015 AS 17.38.070 AS 17.38.090 AS 17.38.900  
3016

3017 **3 AAC 306.665. Supplemental marijuana quality testing.** (a) The board or director  
3018 may at any time determine that the interests of the public require random supplemental testing of  
3019 marijuana or a marijuana product. When the board or director requires random supplemental  
3020 marijuana testing, the board or director will direct the marijuana cultivation facility that produced  
3021 the marijuana, or the marijuana product manufacturing facility that manufactured the product, to  
3022 submit a specified sample, batch, or packaged product to a designated marijuana testing facility.  
3023 The material must be packaged in a manner that ensures the testing facility will be able to  
3024 confirm that it has received and is testing the correct supplemental sample.

3025 (b) When a marijuana testing facility receives a sample for supplemental laboratory  
3026 testing under this section, the marijuana testing facility shall

3027 (1) perform any required laboratory test the board requests; and  
3028  
3029 (2) report its results to the board or director and the facility that provided the  
3030  
3031 sample.

3032  
3033 (c) A marijuana testing facility that conducts laboratory testing under this section shall  
3034 bill all costs directly to the marijuana cultivation facility or the marijuana product manufacturing  
3035 facility that provided the samples for testing. (Eff.\_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_\_) )

3036 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100

3040 AS 17.38.070 AS 17.38.090 AS 17.38.900  
3041

3042 **3 AAC 306.670. Reporting, verification.** (a) A marijuana testing facility must report  
3043 the result of each required laboratory test directly into its marijuana inventory control system  
3044 within twenty-four hours after the test is completed. A marijuana testing facility must provide  
3045 the final report

- 3046 (1) to the facility that submitted the sample in a timely manner; and
- 3047
- 3048 (2) to the director within 72 hours when results of tested samples exceed
- 3049 allowable levels.

3050 (b) A marijuana testing facility shall establish procedures to ensure that reported results  
3051 are accurate, precise, and scientifically valid. To ensure reported results are valid, a marijuana  
3052 testing facility must include in all final reports:

- 3053 (1) the name and location of the marijuana testing facility;
- 3054
- 3055 (2) the unique sample identifier assigned by the testing facility;
- 3056
- 3057 (3) the marijuana establishment or other person that submitted the testing sample;
- 3058
- 3059 (4) the sample identifier provided by the person that submitted the testing
- 3060 sample;
- 3061
- 3062 (5) the date the facility received the sample;
- 3063
- 3064 (6) the chain of custody identifier;
- 3065
- 3066 (7) the date of report;
- 3067
- 3068 (8) the type of product tested;
- 3069
- 3070 (9) the test results;
- 3071
- 3072 (10) the units of measure; and
- 3073

3077 (11) any other information or qualifiers needed for interpretation of the test  
3078 method and the results being reported, including any identified and documented discrepancy.

3079 (c) A marijuana testing facility may amend a final report for clerical purposes except that  
3080 test results may not be amended. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

3081 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
3082  
3083 AS 17.38.070 AS 17.38.090 AS 17.38.900  
3084  
3085

3086 **3 AAC 306.675. Records retention.** A marijuana testing facility shall maintain the  
3087 business records required under 3 AAC 306.755 for the period of time specified in that section.

3088 The books and records required under 3 AAC 306.755(a)(1) include:

- 3089 (1) test results;
- 3090
- 3091 (2) quality control and quality assurance records;
- 3092
- 3093 (3) standard operating procedures;
- 3094
- 3095 (4) chain of custody records;
- 3096
- 3097 (5) proficiency testing records;
- 3098
- 3099 (6) analytical data to include printouts generated by the instrumentation;
- 3100
- 3101 (7) accession numbers;
- 3102
- 3103 (8) specimen type;
- 3104
- 3105 (9) raw data of calibration standards and curves, controls and subject results;
- 3106
- 3107 (10) final and amended reports;
- 3108
- 3109 (11) acceptable reference range parameters;
- 3110
- 3111 (12) identity of analyst; and
- 3112
- 3113 (13) date of analysis. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)
- 3114

3115 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100

3119 AS 17.38.070 AS 17.38.090 AS 17.38.900  
3120  
3121

3122

3123 **Article 7. Operating Requirements for All Marijuana Establishments.**  
3124

3125 **Section**  
3126

3127 700. Marijuana handler permit

3128 705. Licensed premises, alteration

3129 710. Restricted access areas

3130 715. Security alarm systems and lock standards

3131 720. Video surveillance

3132 725. Inspection of licensed premises  
3133

3134 730. Marijuana inventory tracking system

3135 735. Health and safety standards

3136 740. Waste disposal  
3137

3138 745. Standardized scales  
3139

3140 750. Transportation  
3141

3142 755. Business records  
3143

3144 **3 AAC 306.700. Marijuana handler permit.** (a) A marijuana establishment and each  
3145 licensee, employee, or agent of the marijuana establishment who sells, cultivates, manufactures,  
3146 tests, or transports marijuana or a marijuana product, or who checks the identification of a  
3147 consumer or visitor, shall obtain a marijuana handler permit from the board before being licensed  
3148 or beginning employment at a marijuana establishment.

3149 (b) To obtain a marijuana handler permit, a person shall complete a marijuana handler  
3150 permit education course approved by the board, pass a written test demonstrating an

3153 understanding of the course material, and obtain a certificate of course completion from the  
3154 course provider. An approved marijuana handler permit education course must cover at least the  
3155 following topics:

- 3156 (1) AS 17.37, AS 17.38, and this chapter;
- 3157
- 3158 (2) the effects of consumption of marijuana and marijuana products;
- 3159
- 3160 (3) how to identify a person impaired by consumption of marijuana;
- 3161
- 3162 (3) how to determine valid identification;
- 3163
- 3164 (4) how to intervene to prevent unlawful marijuana consumption; and
- 3165
- 3166 (5) the penalty for an unlawful act by a licensee, an employee, or an agent of a  
3167 marijuana establishment.

3168 (c) To obtain a marijuana handler permit, a person who has completed the marijuana  
3169 handler permit course described under (b) of this section shall present the course completion  
3170 certificate, along with a report of criminal justice information obtained from the Department of  
3171 Public Safety under AS 12.62.160 to the director. The director shall issue a marijuana handler  
3172 permit card valid for three years from the date of issue. A person may renew a card issued under  
3173 this section by passing a written test demonstrating an understanding of the course subjects.

3174 (d) A licensee, employee, or agent of a marijuana establishment shall keep the marijuana  
3175 handler permit card described in (c) of this section in that person's immediate possession when  
3176 on the licensed premises of the retail marijuana store.

3177 (e) The board will review an approved marijuana handler permit education course at  
3178 least once every three years, and may rescind approval of the course if the board finds that the  
3179 education course contents are insufficient or inaccurate. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

3180 **Authority:** AS 17.38.010                      AS 17.38.087                      AS 17.38.100

3184 AS 17.38.070 AS 17.38.090 AS 17.38.900  
3185  
3186 AS 17.38.084  
3187

3188 **3 AAC 306.705. Licensed premises, alteration.** (a) A marijuana establishment license  
3189 will be issued for a specific licensed premises, which is a place clearly designated in a license  
3190 application and described by a line drawing submitted with the license application. The licensed  
3191 premises must

3192 (1) have adequate space for its approved operations, including growing,  
3193 manufacturing, processing, packaging, or storing marijuana or marijuana products; and

3194 (2) be located and constructed to facilitate cleaning, maintenance, and proper  
3195 operation.  
3196

3197 (b) A marijuana establishment's license must be posted in a conspicuous place within the  
3198 licensed premises.  
3199

3200 (c) A holder of a marijuana establishment license may not alter the functional floor plan  
3201 or reduce or expand the area of the licensed premises without first obtaining the director's  
3202 written approval. A marijuana establishment license holder seeking to change or modify the  
3203 licensed premises shall submit a request for approval of the change on a form prescribed by the  
3204 board, along with

- 3205 (1) the fee prescribed in 3 AAC 306.100;
- 3206 (2) a drawing showing the proposed change;
- 3207 (3) evidence that the proposed change conforms to any local restrictions; and
- 3208 (4) evidence that the licensee has obtained any applicable local building
- 3209 permit. (Eff./\_\_\_\_\_/\_\_\_\_\_, Register\_\_\_\_\_)
- 3210
- 3211

3212 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
3213

3217 AS 17.38.070 AS 17.38.090 AS 17.38.900

3218  
3219 AS 17.38.084

3220  
3221 **3 AAC 306.710. Restricted access areas.** (a) A marijuana establishment shall restrict  
3222 access to any part of the licensed premises where marijuana or a marijuana product is grown,  
3223 processed, tested, stored, or stocked.

3224 (b) Except as provided in 3 AAC 306.325 for a marijuana retail store, each entrance to a  
3225 restricted access area must be marked by a sign that says “Restricted access area. Visitors must  
3226 be escorted.” A marijuana establishment shall limit the number of visitors to not more than five  
3227 visitors for each licensee, employee, or agent of the licensee who is actively engaged in  
3228 supervising those visitors.

3229 (c) In a restricted access area, any licensee, employee, and agent of the marijuana  
3230 establishment shall wear a current identification badge bearing the person’s photograph. A  
3231 person under the age of 21 may not enter any restricted access area. Any visitor to the restricted  
3232 area must

3233 (1) show identification as required in 3 AAC 306.350 to prove that person is not  
3234 under the age of 21;

3235 (2) obtain a visitor identification badge before entering the restricted access area;  
3236  
3237 and

3238 (3) be escorted at all times by a licensee, or an employee or an agent of the  
3239 marijuana establishment. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

**Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900  
AS 17.38.084



3243 **3 AAC 306.715. Security alarm systems and lock standards.** (a) Each licensee,  
3244 employee, or agent of a marijuana establishment shall display an identification badge issued by  
3245 the marijuana establishment at all times when on the marijuana establishment's licensed  
3246 premises.

3247 (b) The licensed premises of a marijuana establishment must have

- 3248 (1) exterior lighting to facilitate surveillance;
- 3249 (2) a security alarm system on all exterior doors and windows; and
- 3250 (3) continuous video monitoring as provided in 3 AAC 306.720.

3251 (c) A marijuana establishment shall have policies and procedures that

- 3252 (1) are designed to prevent diversion of marijuana or marijuana product;
- 3253 (2) prevent loitering;
- 3254 (3) describe the use of any additional security device, such as a motion detector,  
3255 pressure switch, and duress, panic, or hold-up alarm to enhance security of its licensed premises;

3256 and

- 3257 (4) describe the actions to be taken by a licensee, employee, or agent of the  
3258 marijuana establishment when any automatic or electronic notification system alerts a local law  
3259 enforcement agency of an unauthorized breach of security.

3260 (d) A marijuana establishment must use commercial grade, non-residential door locks on  
3261 all exterior entry points to the licensed premises. Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)

3262 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
3263 AS 17.38.070 AS 17.38.090 AS 17.38.900  
3264 AS 17.38.084

3265 **3 AAC 306.720. Video surveillance.** (a) A marijuana establishment shall install and

3280 maintain a video surveillance and camera recording system as provided in this section. The  
3281 video system must cover

3282 (1) each restricted access area and each entrance to a restricted access area within  
3283 the licensed premises;

3284 (2) each entrance to the exterior of the licensed premises;

3285  
3286 (3) each point-of-sale (POS) area.

3287  
3288 (b) At a marijuana establishment, a required video camera must be placed in a way that  
3289 produces a clear view adequate to identify any individual inside the licensed premises, or within  
3290 20 feet of each entrance to the licensed premises. Both the interior and the exterior of each  
3291 entrance to the facility must be recorded by a video camera.

3292 (c) Any area where marijuana is grown, cured, or manufactured, or where marijuana  
3293 waste is destroyed, must have a camera placement in the room facing the primary entry door, and  
3294 in adequate fixed positions, at a height which will provide a clear, unobstructed view of the  
3295 regular activity without a sight blockage from lighting hoods, fixtures, or other equipment, in  
3296 order to allow for the clear and certain identification of any person and activity in the area at all  
3297 times.

3298 (d) Surveillance recording equipment and video surveillance records must be housed in a  
3299 locked and secure area or in a lock box, cabinet, closet or other secure area that is accessible only  
3300 to a marijuana establishment licensee or authorized employee, and to law enforcement personnel  
3301 including an agent of the board. A marijuana establishment may use an offsite monitoring  
3302 service and offsite storage of video surveillance records as long as security requirements at the  
3303 offsite facility are at least as strict as onsite security requirements as described in this section.

3304 (e) Each surveillance recording must be preserved for a minimum of 40 days, in a format

3307 that can be easily accessed for viewing. All recorded images must clearly and accurately display  
3308 the time and date, and must be archived in a format that does not permit alteration of the  
3309 recorded image, so that the images can readily be authenticated. After 40 days, a marijuana  
3310 establishment may erase video recordings, unless the licensee knows or should know of any  
3311 pending criminal, civil, or administrative investigation for which the video recording may  
3312 contain relevant information. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

3313 **Authority:** AS 17.38.010 AS 17.38.085 AS 17.38.100  
3314  
3315 AS 17.38.070 AS 17.38.087 AS 17.38.900  
3316  
3317 AS 17.38.084 AS 17.38.090  
3318  
3319  
3320

3321 **3 AAC 306.725. Inspection of licensed premises.** (a) A marijuana establishment or an  
3322 applicant for a marijuana establishment license under this chapter shall, upon request, make the  
3323 licensed premises or the proposed licensed premises, including any place for storage, available  
3324 for inspection by the director, an employee or agent of the board, or an officer charged with the  
3325 enforcement of this chapter. The board or the director may also request a local fire protection  
3326 agency or any other state agency with health and safety responsibilities to inspect licensed  
3327 premises or proposed licensed premises.

3328 (b) Inspection under this section includes inspection of the premises, facilities,  
3329 qualifications of personnel, methods of operation, business and financial records, marijuana  
3330 inventory tracking system, policies, and purposes of any marijuana establishment and of any  
3331 applicant for a marijuana establishment license. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.085 AS 17.38.100  
AS 17.38.070 AS 17.38.087 AS 17.38.900  
AS 17.38.084 AS 17.38.090

3334 **3 AAC 306.730. Marijuana inventory tracking system.** (a) A marijuana  
3335 establishment shall use a marijuana inventory tracking system capable of sharing information  
3336 with the system the board implements to ensure all marijuana cultivated and sold in the state, and  
3337 each marijuana product processed and sold in the state, is identified and tracked from the time  
3338 the marijuana is propagated from seed or cutting, through transfer to another licensed marijuana  
3339 establishment, or use in manufacturing a product, to a completed sale of marijuana or marijuana  
3340 product, or disposal of the harvest batch of marijuana or production lot of marijuana product.

3341 (b) All marijuana delivered to a marijuana establishment must be weighed on a scale  
3342 certified in compliance with 3 AAC 306.745. (Eff.\_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)

3343 (Eff.\_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)

3344

**Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900  
AS 17.38.084

3345

3346 **3 AAC 306.735. Health and safety standards.** (a) A marijuana establishment is  
3347 subject to inspection by the local fire department, building inspector, or code enforcement officer  
3348 to confirm that no health or safety concerns are present.

3349 (b) A marijuana establishment shall take all reasonable measures and precautions to  
3350 ensure that

3351 (1) any person who has an illness, an open sore or infected wound, or other  
3352 potential source of infection may not come in contact with marijuana or a marijuana product  
3353 while the illness or source of infection persists;

3354 (2) the licensed premises have

3355

3356

(A) adequate and readily accessible toilet facilities that are maintained in

3359 good repair and sanitary condition; and

3360  
3361 (B) convenient hand-washing facilities with running water at a suitable

3362 temperature; the marijuana establishment shall require employees to wash or sanitize  
3363 their hands, and must provide effective hand-cleaning, sanitizing preparations, and drying  
3364 devices;

3365 (3) each person working in direct contact with marijuana or a marijuana product  
3366 shall conform to good hygienic practices while on duty, including

3367 (A) maintaining adequate personal cleanliness; and

3368  
3369 (B) washing hands thoroughly in an adequate hand-washing area before  
3370 starting work, after using toilet facilities, and at any other time when the person's hands  
3371 may have become soiled or contaminated;

3372 (4) litter, waste, and rubbish are properly removed; the waste disposal equipment  
3373 must be maintained and adequate to

3374 (A) avoid contaminating any area where marijuana or any marijuana  
3375 product is stored, displayed, or sold; and

3376 (B) prevent causing odors or attracting pests;

3377  
3378 (5) floors, walls, and ceilings must be constructed to allow adequate cleaning,  
3379 and must be kept clean and in good repair;

3380 (6) adequate lighting is installed in any area where marijuana or a marijuana  
3381 product is stored, displayed, or sold, and where any equipment or utensil is cleaned;

3382 (7) screening or other protection adequately protects against the entry of pests;

3383  
3384 (8) any building, fixture, and other facility is maintained in sanitary condition;

3385  
3386 (9) any toxic cleaning compound, sanitizing agent, and pesticide chemical must

3389 be identified and stored in a safe manner to protect against contamination of marijuana or  
3390 marijuana product and in compliance with any applicable local, state, or federal law;

3391 (10) adequate sanitation principles are used in any receiving, inspecting,  
3392 transporting, and storing of marijuana or marijuana product; and

3393 (11) any marijuana or marijuana product must be held in a manner that prevents  
3394 the growth of bacteria, microbes, or other undesirable microorganisms.

3395 (c) A marijuana establishment shall ensure that any marijuana or marijuana product that  
3396 has been stored beyond its usable life, or was stored improperly, is not salvaged and returned to  
3397 the marketplace; in this section, “stored improperly” means being exposed to extremes in  
3398 temperature, humidity, smoke, fumes, pressure, or radiation due to a natural disaster, fire,  
3399 accident, or equipment failure.

3400 (d) If a marijuana establishment does not have reliable information about the age or  
3401 storage conditions of marijuana or a marijuana product in its possession, the marijuana  
3402 establishment may salvage the marijuana only if:

3403 (1) a licensed marijuana testing facility determines from quality assurance testing  
3404 that the marijuana or marijuana product meets all applicable standards of moisture, potency, and  
3405 contaminants;

3406 (2) inspection of the premises where a disaster or accident occurred shows that  
3407 the marijuana or marijuana product stored there was not adversely affected by the disaster or  
3408 accident; and

3409 (3) the marijuana establishment maintains a record of the salvaged marijuana or  
3410 marijuana product in its marijuana inventory tracking system, including the name, lot number  
3411 and final disposition. (Eff. \_\_\_\_/\_\_\_\_/\_\_\_\_, Register \_\_\_\_)

3414	<b>Authority:</b>	AS 17.38.010	AS 17.38.087	AS 17.38.100
3415				
3416		AS 17.38.070	AS 17.38.090	AS 17.38.900
3417				
3418		AS 17.38.084		
3419				

3420 **3 AAC 306.740. Waste disposal.** (a) A marijuana establishment shall store, manage,  
3421 and dispose of any solid or liquid waste, including wastewater generated during marijuana  
3422 cultivation production, processing, testing, or retail sales, in compliance with applicable federal,  
3423 state, and local laws and regulations.

3424 (b) Marijuana waste must be rendered unusable for any purpose for which it was grown  
3425 or produced before it leaves a marijuana establishment. Marijuana waste includes:

3426 (1) marijuana plant waste, including roots, stalks, leaves, and stems that have not  
3427 been processed with solvent;

3428 (2) solid marijuana sample plant waste in the possession of a marijuana testing  
3429 facility; and  
3430

3431 (3) other waste as determined by the board.  
3432

3433 (c) A marijuana establishment shall  
3434

3435 (1) give the board at least 3 days notice in the marijuana inventory tracking  
3436 system required under 3 AAC 306.730 before making the waste unusable and disposing of it;

3437 except that the director may authorize immediate disposal on an emergency basis; and  
3438

3439 (2) keep a record of the final destination of marijuana waste made unusable.  
3440

3441 (d) Marijuana plant waste must be made unusable by grinding the marijuana plant waste  
3442 and mixing it with at least an equal amount of other compostable or non-compostable materials.

3443 A marijuana establishment may use other methods to make marijuana waste unusable if the  
3444 board approves the method in advance. Material that may be mixed with the marijuana waste

3447 includes

3448 (1) compostable materials including food waste, yard waste, vegetable based  
3449 grease or oils, or other wastes approved by the board when the mixed material can be used as  
3450 compost feedstock or in another organic waste method such as an anaerobic digester with  
3451 approval of any applicable local government entity; or  
3452

3453 (2) non-compostable materials including paper waste, cardboard waste, plastic  
3454 waste, oil, or other wastes approved by the board when the mixed material may be delivered to a  
3455 permitted solid waste facility, incinerator, or other facility with approval of any applicable local  
3456 government entity.

3457 (e) When marijuana or a marijuana product is found by, or surrendered to, a law  
3458 enforcement officer including an airport security officer, the officer may dispose of the  
3459 marijuana or marijuana product as provided in this section or by any method that is allowed  
3460 under any applicable local ordinance. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

3461 **Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
3462  
3463 AS 17.38.070 AS 17.38.090 AS 17.38.900  
3464  
3465 AS 17.38.084  
3466  
3467  
3468

3469 **3 AAC 306.745. Standardized scales.** A marijuana establishment shall use certified  
3470 scales in compliance with AS 45.75.080, the Alaska Weights and Measures Act. A marijuana  
3471 establishment shall

- 3472 (1) maintain registration and inspection reports of certified scales; and  
3473  
3474 (2) upon request by the board or the director, provide a copy of the registration and  
3475 inspection reports of the certified scales to the board or the director for review. (Eff. \_\_\_/\_\_\_  
3476 /\_\_\_, Register \_\_\_)



**Authority:** AS 17.38.010 AS 17.38.087 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900  
AS 17.38.084

3480  
3481 **3 AAC 306.750. Transportation.** (a) A licensed marijuana establishment shall  
3482 transport marijuana as follows:

3483 (1) a marijuana cultivation facility may transport marijuana to a marijuana  
3484 cultivator’s broker, another marijuana cultivation facility, a marijuana product manufacturing  
3485 facility, a marijuana testing facility, or a marijuana retail store;

3486 (2) a marijuana broker may transport marijuana to the broker’s own storage area,  
3487 a marijuana product manufacturing facility, a marijuana testing facility, or a marijuana retail  
3488 store;

3489 (3) a marijuana product manufacturing facility may transport a marijuana product  
3490 to another marijuana product manufacturing facility, a marijuana testing facility, or a marijuana  
3491 retail store;

3492 (4) a marijuana testing facility may transport marijuana or a marijuana product to  
3493 the facility from which it received the marijuana or another marijuana testing facility; and

3494 (5) a marijuana retail store may transport marijuana or a marijuana product to  
3495 another marijuana retail store.

3496 (b) A marijuana establishment from which a shipment of marijuana or marijuana product  
3497 originates is responsible for preparing, packaging, and securing the marijuana or marijuana  
3498 product during shipment, for recording the transfer in the marijuana inventory tracking system,  
3499 and for preparing the transport manifest. Any individual transporting marijuana in compliance  
3500 with this section shall have a marijuana handler permit required under 3 AAC 306.700.

3503 (c) When any marijuana or marijuana product is transported, the marijuana establishment  
3504 that originates the transport shall use the marijuana tracking system to record the type, amount  
3505 and weight of marijuana or marijuana product being transported, the name of the transporter, the  
3506 time of departure and expected delivery, and the make, model and license plate number of the  
3507 transporting vehicle. A complete printed transport manifest on a form prescribed by the board  
3508 must be kept with the marijuana or marijuana product at all times.

3509 (d) During transport, any marijuana or marijuana product must be in a sealed package or  
3510 container in a locked, safe and secure storage compartment in the vehicle transporting the  
3511 marijuana or marijuana product. The sealed package may not be opened during transport. Any  
3512 vehicle transporting marijuana or marijuana product must travel directly from the shipping  
3513 marijuana establishment to the receiving marijuana establishment, and must not make any  
3514 unnecessary stops in between except to deliver or pick up marijuana or marijuana product at any  
3515 other licensed marijuana establishment.

3516 (e) When a marijuana establishment receives marijuana or a marijuana product  
3517 transported in compliance with this section, the recipient of the shipment shall use the marijuana  
3518 inventory tracking system to report the type, amount, and weight of marijuana or marijuana  
3519 product received. The licensed recipient shall refuse to accept any shipment of marijuana or  
3520 marijuana product that is not accompanied by the transport manifest.

3521 (f) A marijuana establishment must keep records of all marijuana or marijuana product  
3522 shipped from or received at that marijuana establishment as required under 3 AAC 306.755.

3523 (Eff. \_\_\_/\_\_\_/\_\_, Register \_\_\_\_\_)

<b>Authority:</b>	AS 17.38.010	AS 17.38.087	AS 17.38.100
	AS 17.38.070	AS 17.38.090	AS 17.38.900

3527 AS 17.38.084

3528  
3529 **3 AAC 306.755. Business records.** (a) A marijuana establishment shall

3530 maintain, in a format that is readily understood by a reasonably prudent business person, the  
3531 following information:

3532 (1) all books and records necessary to fully account for each business transaction  
3533 conducted under its license for the current year and three preceding calendar years; records for  
3534 the last six months must be maintained on the marijuana establishment's licensed premises;  
3535 older records may be archived on or off premises;

3536 (2) a current employee list setting out the full name and marijuana handler permit  
3537 number of each licensee, employee, and agent who works at the marijuana establishment;

3538 (3) the business contact information for vendors that maintain video surveillance  
3539 systems and security alarm systems for the licensed premises;

3540 (4) records related to advertising and marketing;

3541  
3542 (5) a current diagram of the licensed premises including each restricted access  
3543  
3544 area;

3545  
3546 (6) a log recording the name, and date and time of entry of each visitor permitted  
3547 in a restricted access area;

3548 (7) all records normally retained for tax purposes;

3549  
3550 (8) accurate and comprehensive inventory tracking records that account for all  
3551 marijuana inventory activity from seed or immature plant stage until the retail marijuana or retail  
3552 marijuana product is sold to a consumer, to another marijuana establishment, or destroyed; and

3553 (9) transportation records for marijuana and marijuana product as required under  
3554 3 AAC 306.750(f).

3557 (b) A marijuana establishment shall provide any record required to be kept on the  
3558 licensed premises to an employee of the board upon request. Any record kept off premises must  
3559 be provided to the board's employees within three business days after a request for the record.

3560 (c) A marijuana establishment is required to exercise due diligence in preserving and  
3561 maintaining all required records. Loss of records and data, including electronically maintained  
3562 records, will not be considered an excuse for a violation of this rule. Failure to retain records  
3563 required under this section may be interpreted by the board as a license violation affecting public  
3564 safety. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

3565	<b>Authority:</b>	AS 17.38.010	AS 17.38.085	AS 17.38.100
3566				
3567				
3568		AS 17.38.070	AS 17.38.087	AS 17.38.900
3569				
3570				
3571		AS 17.38.084	AS 17.38.090	
3572				
3573				
3574				
3575				

3576 **Article 8. Enforcement and Civil Penalties.**  
3577

3578 **Section**

- 3579 800. Inspection and investigation
- 3580
- 3581 805. Report or notice of violation
- 3582 810. Suspension or revocation of license
- 3583
- 3584 815. Suspension or revocation based on act of employee
- 3585
- 3586 820. Procedure for action on license suspension or revocation
- 3587
- 3588 825. Summary suspension to protect public health, safety, or welfare.
- 3589 830. Seizure of marijuana or marijuana product
- 3590 835. Hearing
- 3591
- 3592 840. Civil fines

3595 845. Appeal

3596

3597 850. Surrender or destruction of license

3598

3599

**3 AAC 306.800. Inspection and investigation.** (a) The director, an enforcement agent,

3600 an employee of the board, or a peace officer acting in an official capacity, may

3601 (1) inspect the licensed premises of any marijuana establishment, including any

3602 marijuana and marijuana product on the premises, equipment used in cultivating, processing,

3603 testing, or storing marijuana, the marijuana establishment's inventory tracking system, business

3604 records, and computers, at any reasonable time and in a reasonable manner;

3605 (2) issue a report or notice as provided in 3 AAC 306.805; and

3606

3607 (3) as authorized under AS 17.38.085, exercise peace officer powers and take any

3608 other action the director determines is necessary.

3609 (b) A marijuana establishment, and any licensee, employee, or agent in charge shall

3610 cooperate with the director, an enforcement agent, an employee of the board, or a peace officer

3611 acting in an official capacity, to enforce the laws related to marijuana, including

3612 (1) permitting entry upon and inspection of the licensed premises; and

3613

3614 (2) providing access to business records at reasonable times when requested by

3615 the director, an enforcement agent, an employee of the board, or a peace officer. (Eff. \_\_\_\_/\_\_\_\_

3616 /\_\_\_\_, Register\_\_\_\_)

3617

**Authority:** AS 17.38.010 AS 17.38.085 AS 17.38.100

AS 17.38.070 AS 17.38.087 AS 17.38.900

AS 17.38.084 AS 17.38.090

3618

3619 **3 AAC 306.805. Report or notice of violation.** (a) The director, an enforcement agent,

3620 an employee of the board, or a peace officer acting in an official capacity, may issue an

3623 inspection report, an advisory report, or a notice of violation before taking action to suspend or  
3624 revoke a marijuana establishment license.

3625 (b) An inspection report documents an investigator's inspection of licensed premises.  
3626 An inspection report must be prepared on a form the board prescribes and include information  
3627 prescribed by statute, regulation, or the board.

3628 (c) The director, an enforcement agent, an employee of the board, or a peace officer may  
3629 issue an advisory notice when an incident occurs or a defect is noted that could result in a  
3630 violation of a statute, regulation, or municipal ordinance. An advisory notice may result from an  
3631 inspection report, but is not a basis for administrative action unless the incident or defect  
3632 continues or is not corrected.

3633 (d) The director, an enforcement agent, an employee of the board, or a peace officer may  
3634 issue a notice of violation when an inspection report or other credible information shows a  
3635 marijuana establishment is in violation of AS 17.38, this chapter, or other law relating to  
3636 marijuana. The notice of violation must be delivered to the marijuana establishment at its  
3637 licensed premises, and to the board. The notice must describe any violation, and cite the  
3638 applicable statute, regulation, or order of the board. A marijuana establishment that receives a  
3639 notice of violation may respond to the notice orally or in writing, and may, within ten days after  
3640 receiving the notice, request an opportunity to appear before the board. A notice of violation  
3641 may be the basis of a proceeding to suspend or revoke a marijuana establishment's license as  
3642 provided under 3 AAC 306.810. (Eff. \_\_\_/\_\_\_/\_\_\_, Register\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.085 AS 17.38.100  
AS 17.38.070 AS 17.38.087 AS 17.38.900  
AS 17.38.084 AS 17.38.090

3645 **3 AAC 306.810. Suspension or revocation of license.** (a) The board will suspend or  
3646 revoke a marijuana establishment license issued under this chapter if any licensee is convicted of  
3647 a felony, or if the board becomes aware that a licensee did not disclose a previous felony  
3648 conviction.

3649 (b) The board may suspend or revoke a license issued under this chapter, refuse to renew  
3650 a license, or impose a civil fine, if the board finds that a licensee for any marijuana establishment

3651 (1) misrepresented a material fact on an application for a marijuana establishment  
3652 license, or an affidavit, report, or signed statement under AS 17.38 or this chapter; or

3653 (2) is following any practice or procedure that is contrary to the best interests of  
3654 the public, including

3655 (A) using any process not approved by the board for extracting or  
3656 manufacturing marijuana concentrate or products; or

3657 (B) selling or distributing any marijuana concentrate or product that has  
3658 not been approved by the board;

3659 (3) failed, within a reasonable time after receiving a notice of violation from the  
3660 director, to correct any defect that is the subject of the notice of violation of

3661 (A) AS 17.38 or this chapter;

3662 (B) a condition or restriction imposed by the board; or  
3663

3664 (C) other applicable law;  
3665

3666 (4) knowingly allowed an employee or agent to violate AS 17.38, this chapter, or  
3667  
3668 a condition or restriction imposed by the board;

3669 (5) failed to comply with any applicable public health, fire, safety, or tax law or  
3670 regulation in the state; or

3674 (6) used the licensed premises for any illegal purpose including gambling,  
3675 possession or use of narcotics other than marijuana, prostitution, or sex trafficking.

3676 (c) A local government may notify the director if it obtains evidence that a marijuana  
3677 establishment has violated a provision of AS 17.38, this chapter, or a condition the board has  
3678 imposed on the marijuana establishment. Unless the board finds that the local government's  
3679 notice is arbitrary, capricious, and unreasonable, the director will prepare the notice and  
3680 supporting evidence as an accusation against the marijuana establishment under AS 44.62.360,  
3681 and conduct proceedings to resolve the matter as described under 3 AAC 306.820. (Eff. \_\_\_\_ / \_\_\_\_  
3682 / \_\_\_\_, Register \_\_\_\_)  
3683

- Authority:** AS 17.38.010 AS 17.38.085 AS 17.38.100  
AS 17.38.070 AS 17.38.087 AS 17.38.900  
AS 17.38.084 AS 17.38.090

3684 **3 AAC 306.815. Suspension or revocation based on act of employee.** If, in a  
3685 proceeding to suspend or revoke a marijuana establishment license under 3 AAC 306.810 and  
3686 3 AAC 306.820, evidence shows that an employee or agent of a licensed marijuana  
3687 establishment was responsible for an act that would justify suspension or revocation of the  
3688 marijuana establishment's license if committed by a licensee, the board may find that licensee  
3689 knowingly allowed the act if  
3690

- 3691 (1) the licensee was physically present when the violation occurred, and knew or  
3692 should have known, the violation was occurring and took no action to stop it;  
3693 (2) the licensee failed to adequately supervise the agent or employee;  
3694 (3) the licensee failed to adequately train the agent or employee in the  
3695 requirements of AS 17.38 and this chapter relating to marijuana; or  
3696



3700 (4) the licensee was reckless or careless in hiring the agent or employee. (Eff.  
3701  
3702 \_\_\_/\_\_\_/\_\_\_, Register\_\_\_\_)  
3703

- Authority:** AS 17.38.010 AS 17.38.085 AS 17.38.100  
AS 17.38.070 AS 17.38.087 AS 17.38.900  
AS 17.38.084 AS 17.38.090

3704  
3705 **3 AAC 306.820. Procedure for action on license suspension or revocation. A**

3706 proceeding to suspend or revoke a license must be initiated by service of an accusation on the  
3707 marijuana establishment in compliance with AS 44.62.360 and AS 44.62.380, and conducted in  
3708 compliance with AS 44.62.330 – AS 44.62.630. The accusation must be served at the address of  
3709 the licensed premises, or at the address of the licensee who is responsible for management and  
3710 compliance with laws as listed in the marijuana establishment license application in compliance  
3711 with 3 AAC 306.020(b)(5). The marijuana establishment is entitled to a hearing as provided  
3712 under AS 44.62.390. (Eff. \_\_\_/\_\_\_/\_\_\_, Register\_\_\_\_)

- Authority:** AS 17.38.010 AS 17.38.085 AS 17.38.100  
AS 17.38.070 AS 17.38.087 AS 17.38.900  
AS 17.38.084 AS 17.38.090

3718  
3719 **3 AAC 306.825. Summary suspension to protect public health, safety, or welfare.**

3720 (a) If the director finds that a person holding a marijuana establishment license has acted and  
3721 appears to be continuing to act in a way that constitutes an immediate threat to the public health,  
3722 safety or welfare, the director may issue an order immediately suspending the license of that  
3723 person, and ordering an immediate stop to the activity that constitutes the threat to the public  
3724 health, safety, or welfare.  
3725

3726 (b) When the director issues a summary suspension under this section, the director shall

3729 immediately give the marijuana establishment subject to the summary suspension order notice of  
3730 the reasons for the summary suspension, and of the time and place for an expedited hearing  
3731 before the board. Unless the marijuana establishment subject to the summary suspension order  
3732 requests a delay, the hearing will be held within five days after the director gives notice of the  
3733 reasons for the summary suspension and the scheduled hearing. (Eff. \_\_\_\_/\_\_\_ /\_\_\_\_, Register  
3734 \_\_\_\_\_)  
3735  
3736

3737 **Authority:** AS 17.38.010 AS 17.38.085 AS 17.38.100  
3738  
3739 AS 17.38.070 AS 17.38.087 AS 17.38.900  
3740  
3741 AS 17.38.084 AS 17.38.090  
3742  
3743  
3744

3745 **3 AAC 306.830. Seizure of marijuana or marijuana product.** (a) The director, an  
3746 enforcement agent, an employee of the board, or a peace officer acting in an official capacity,  
3747 may seize marijuana or any marijuana product from a licensed marijuana establishment if the  
3748 marijuana establishment has

3749 (1) any marijuana or marijuana product not properly logged into the marijuana  
3750 establishment’s marijuana inventory tracking system;

3751 (2) any adulterated marijuana food or drink product forbidden under 3 AAC  
3752 306.510(a)(4); or

3753 (3) any marijuana or marijuana product that is not properly packaged and labeled  
3754 as provided in 3 AAC 306.465 and 3 AAC 306.470 or 3 AAC 306.565 and 3 AAC 306.570.

3755 (b) If the director, an enforcement agent, an employee of the board, or a peace officer  
3756 acting in an official capacity, seizes marijuana or a marijuana product under this section, the  
3757 director shall update the marijuana inventory control tracking system to reflect the seizure and  
3758 ensure that the seized items are stored in a reasonable manner. The director shall immediately

3761 give the marijuana establishment from which the marijuana or marijuana product was seized  
3762 notice of the reasons for the seizure and the time and place of a hearing before the board. Unless  
3763 the marijuana establishment from which the marijuana or marijuana product was seized requests  
3764 a delay, the hearing will be held within ten days after the director gives notice of the reasons for  
3765 seizure and the scheduled hearing. If the seizure occurs in connection with a summary  
3766 suspension under 3 AAC 306.825, the hearing will be combined with a hearing on the summary  
3767 suspension.

3768 (c) If the marijuana establishment from which the marijuana or marijuana product was  
3769 seized does not request or participate in a hearing under this section, or if, after a hearing the  
3770 board finds that seizure of the marijuana or marijuana product was justified, the marijuana or  
3771 marijuana product will be destroyed by burning, crushing, or mixing with other material to make  
3772 the marijuana or marijuana product unusable as provided in 3 AAC 306.740.

3773 (d) If a seizure under this section is of marijuana plants in place in a licensed standard or  
3774 limited marijuana cultivation facility, the seizure order may direct the cultivation facility to  
3775 continue care of the plants until the hearing, but prohibit any transfer, sale, or other commercial  
3776 activity related to the plants. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

3777	<b>Authority:</b>	AS 17.38.010	AS 17.38.085	AS 17.38.100
3778				
3779				
3780		AS 17.38.070	AS 17.38.087	AS 17.38.900
3781				
3782				
3783		AS 17.38.084	AS 17.38.090	
3784				

3785 **3 AAC 306.835. Hearing.** (a) Except as provided in 3 AAC 306.825 or 3 AAC  
3786 306.830, any person aggrieved by an action of the director, an enforcement agent, or an  
3787 employee of the board, may request a hearing in compliance with AS 44.62.390 by filing a  
3788 notice of defense within 15 days after receiving a written accusation. Failure to file a notice of

3791 defense as provided in this section constitutes a waiver of the right to a hearing.

3792 (b) The Office of Administrative Hearings will conduct the hearing in compliance with  
3793  
3794 due process, the Alaska Administrative Procedure Act, AS 44.62.330 – AS 44.62.630, and the  
3795 applicable regulations adopted by the Office of Administrative Hearings at 2 AAC 64.100 -

3796 2 AAC 64.990. (Eff.\_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)  
3797

**Authority:** AS 17.38.010 AS 17.38.085 AS 17.38.100  
AS 17.38.070 AS 17.38.087 AS 17.38.900  
AS 17.38.084 AS 17.38.090

3798  
3799 **3 AAC 306.840. Civil fines.** (a) The board may, in addition to any other penalties

3800 imposed under this title, impose a civil fine on a marijuana establishment, licensee, or person that  
3801 the board determines has violated a provision of AS 17.38 or this chapter.

3802 (b) In a proceeding under 3 AAC 306.810 – 3 AAC 306.830, the board may impose a  
3803 civil fine, not to exceed the greater of

3804 (1) an amount that is three times the monetary gain realized by the marijuana  
3805 establishment, licensee, or person as a result of the violation, as determined by the board;

3806 (2) \$10,000 for the first violation;

3807 (3) \$30,000 for the second violation; or  
3808

3809 (4) \$50,000 for the third or subsequent violation. (Eff.\_\_\_\_/\_\_\_\_/\_\_\_\_, Register  
3810 \_\_\_\_\_)  
3811

**Authority:** AS 17.38.010 AS 17.38.085 AS 17.38.100  
AS 17.38.070 AS 17.38.087 AS 17.38.900  
AS 17.38.084 AS 17.38.090

3812  
3813 **3 AAC 306.845. Appeal.** (a) An aggrieved party may appeal to the board regarding any

3816 action of the director, an enforcement agent, or an employee of the board charged with enforcing  
3817 AS 17.38 or this chapter, including suspending or revoking a license, seizing marijuana or a  
3818 marijuana product, or imposing a civil fine.

3819 (b) A person aggrieved by a final decision of the board suspending or revoking a license  
3820 under this chapter, or imposing a civil fine may appeal to the superior court under AS 44.62.560.

3821 (Eff. \_\_\_\_ / \_\_\_\_ / \_\_\_\_, Register \_\_\_\_ )

3822	<b>Authority:</b>	AS 17.38.010	AS 17.38.085	AS 17.38.100
3823				
3824		AS 17.38.070	AS 17.38.087	AS 17.38.900
3825				
3826		AS 17.38.084	AS 17.38.090	
3827				

3828 **3 AAC 306.850. Surrender or destruction of license.** A license issued under this  
3829 chapter must be surrendered to the director, an enforcement agent, or an employee of the board  
3830 on demand if the director or board so orders. A license issued under this chapter must be  
3831 surrendered within 10 days after the marijuana establishment loses or vacates the licensed  
3832 premises. If a license is destroyed, the marijuana establishment shall promptly notify the board.

3833 (Eff. \_\_\_\_ / \_\_\_\_ / \_\_\_\_, Register \_\_\_\_ )

3834	<b>Authority:</b>	AS 17.38.010	AS 17.38.085	AS 17.38.100
3835				
3836				
3837		AS 17.38.070	AS 17.38.087	AS 17.38.900
3838				
3839				
3840		AS 17.38.084	AS 17.38.090	
3841				
3842				
3843				
3844				

3845 **Article 9. General Provisions.**  
3846

3847 **Section**

3848  
3849 900. Marijuana clubs prohibited

3850 905. Public records

3853 910. Refusal to sell marijuana

3854 915. Exercise of authority

3855 920. Death of licensee

3856 990. Definitions

3857  
3858 **3 AAC 306.900. Marijuana clubs prohibited.** (a) A person may not maintain a place  
3859 where marijuana or marijuana products are received or kept, or to which marijuana or marijuana  
3860 products are brought for consumption by the public or by members of a club, association, or  
3861 corporation unless the person is authorized to do so under this title.

3862 (b) A person may not maintain, operate, or lease premises for the purpose of providing a  
3863 place for consuming marijuana or marijuana products for consideration by members of the public  
3864 or other persons, unless the person is authorized to do so under this title.

3865 (c) In this section, "consideration" includes a membership fee, a cover charge, the sale of  
3866 food, ice, mixers, or other drinks, or the furnishing of marijuana accessories for use in the  
3867 consumption of marijuana or any marijuana product.

3868 (d) A person violating this section is subject to a civil fine as provided in 3 AAC  
3869 306.840. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

3870 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
3871  
3872 AS 17.38.070 AS 17.38.090 AS 17.38.900  
3873  
3874

3875 **3 AAC 306.905. Public records.** Marijuana establishment applications are public  
3876 records. The board may, at the request of any applicant, designate materials confidential if they

- 3877 (1) contain proprietary information including trade secrets; or  
3878  
3879 (2) are required to be kept confidential by any federal or state law or regulation.

3880 (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

3881 Register\_\_\_\_\_, \_\_\_\_\_ 2016 COMMERCE, COMMUNITY, AND EC. DEV.  
3882 10/1/2015  
3883

**Authority:** AS 17.38.010 AS 17.38.090 AS 17.38.900  
AS 17.38.070 AS 17.38.100 AS 40.25.110  
AS 17.38.084

3884  
3885 **3 AAC 306.910. Refusal to sell marijuana.** Nothing in this chapter prohibits a licensee  
3886 from refusing to sell marijuana or marijuana products to any person unless that refusal is a  
3887 violation of AS 18.80.210. (Eff.\_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)

3888 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
3889  
3890  
3891 AS 17.38.070 AS 17.38.090 AS 17.38.900  
3892

3893 **3 AAC 306.915. Exercise of authority.** Until a marijuana establishment surrenders its  
3894 license to the board, and so long as business is conducted under the license on the licensed  
3895 premises, the person holding the license, whether an individual, a partnership, a limited liability  
3896 company, a corporation, or a local government, is responsible and liable for the conduct of the  
3897 business. Any individual exercising actual authority over the conduct of business on the licensed  
3898 premises must be the holder of the marijuana establishment license, or an agent or employee of  
3899 that person unless the board has approved a transfer of the license to a different person. (Eff.  
3900 \_\_\_\_/\_\_\_\_/\_\_\_\_, Register\_\_\_\_)  
3901

**Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
AS 17.38.070 AS 17.38.090 AS 17.38.900

3902  
3903 **3 AAC 306.920. Death of licensee.** (a) If an individual who is the sole licensee of a  
3904 marijuana establishment dies, the marijuana establishment shall cease operation. A personal  
3905 representative appointed by the superior court for the estate of the deceased licensee may submit  
3906 to the director a written request to reopen the business, along with a copy of the court order  
3907 appointing the personal representative. If the licensed marijuana establishment is in good

3910 standing, and the personal representative is not a person prohibited from holding a marijuana  
3911 establishment by AS 17.38.100(i), the director shall grant permission to the personal  
3912 representative to operate the business on the licensed premises subject to (b) of this section. In  
3913 this section, “good standing” means the marijuana establishment

- 3914 (1) has a valid current license;
- 3915
- 3916 (2) has paid all fees due under this chapter, and all local taxes due; and
- 3917
- 3918 (3) has no unresolved suspension or revocation proceedings against it.
- 3919
- 3920 (b) A personal representative authorized to operate a marijuana establishment under (a)

3921 of this section must submit an application for a transfer of ownership to another person in  
3922 compliance with 3 AAC 306.045 within 90 days after obtaining the director’s approval to  
3923 operate. The board may extend the time allowed in this section for another 90 days if the  
3924 personal representative requests the additional time.

3925 (c) This section does not authorize the transfer of a marijuana establishment license  
3926 unless the board approves the personal representative’s application for transfer of license to  
3927 another person. (Eff. \_\_\_/\_\_\_/\_\_\_, Register \_\_\_)

3928 **Authority:** AS 17.38.010 AS 17.38.084 AS 17.38.100  
3929  
3930 AS 17.38.070 AS 17.38.090 AS 17.38.900  
3931  
3932

3933 **3 AAC 306.990. Definitions.** (a) In AS 17.38 and this chapter,

3934 (1) "affiliate" means a person that directly or indirectly through one or more  
3935 intermediaries controls, or is controlled by, or is under common control with, a partnership,  
3936 limited liability company, or corporation subject to this chapter;

3937 (2) “assisting” does not include  
3938  
3939 (A) using, displaying, purchasing, or transporting marijuana in excess of  
3940



3943 the amount allowed in AS 17.38.020;

3944  
3945 (B) possessing, growing, processing, or transporting marijuana plants in  
3946 excess of the number allowed in AS 17.38.020;

3947 (C) growing marijuana plants for another person in a place other than

3948  
3949 (i) that other person's primary residence; or

3950  
3951 (ii) a garage, shed, or similar place under the other person's  
3952 control;

3953  
3954 (3) "delivering"

3955  
3956 (A) means handing to a person who purchases the product on licensed  
3957 premises only;

3958  
3959 (B) does not include transferring or transporting to a consumer off  
3960 licensed premises;

3961  
3962 (4) "flowering" means a marijuana plant that has visible crystals, buds, or  
3963 flowers, or for which the exposure to light is scheduled with the intent to produce crystals, buds,  
3964 or flowers;

3965  
3966 (5) "immature" means a marijuana plant with no visible crystals, buds, or  
3967 flowers, and in which the exposure to light is scheduled with the intent to prevent formation of  
3968 crystals, buds, or flowers;

3969 (6) "personal cultivation" does not include

3970  
3971 (A) using, displaying, purchasing, or transporting marijuana in excess of  
3972 the amount allowed in AS 17.38.020;

3973 (B) possessing, growing, processing, or transporting marijuana plants in  
3974 excess of the number allowed in AS 17.38.020;

3978 (C) growing marijuana plants for another person in a place other than  
3979  
3980 (i) that other person's primary residence; or  
3981  
3982 (ii) a garage, shed, or similar place under the other

3983 person's control;

3984 (7) "possess" means having physical possession or control over property;

3985

3986 (8) "registration" means "licensure," or "license;"

3987

3988 (9) "transport" or "transfer" means to deliver between licensed marijuana

3989 establishments as provided in 3 AAC 306.750.

3990 (b) In this chapter, unless the context requires otherwise,

3991

3992 (1) "adulterated food or drink product"

3993

3994 (A) means a product that is intended to be consumed orally and that

3995 existed without marijuana in a form ready for consumption before marijuana was added

3996 by any process;

3997 (B) does not include raw ingredients that are combined with marijuana in

3998 a manufacturing process;

3999 (2) "agent"

4000

4001 (A) means a representative who is authorized to act for a licensee, the

4002 board, or the director;

4003 (B) includes a contractor or subcontractor;

4004

4005 (3) "batch" or "harvest batch" means a specifically identified quantity of plant

4006 trim, leaf, and other usable product from marijuana plants that are uniform in strain, cultivated in

4007 one place and under the same conditions, using the same medium and agricultural chemicals

4008 including pesticides and fungicides, and harvested at the same time;

- 4012 (4) “bud and flower” means the hairy, sticky, or crystal-covered parts of mature  
4013 female marijuana plants generally harvested for their high potency content;
- 4014 (5) “business day” means a day other than a Saturday, Sunday, or a state holiday;  
4015  
4016 (6) “CBN” means cannabinol;  
4017  
4018 (7) “CBD” means cannabidiol;  
4019  
4020 (8) “CBDA” means CBD Acid;  
4021  
4022 (9) “clones” or “cuttings” means small starter plants  
4023  
4024 (A) shorter than eight inches tall; and  
4025  
4026 (B) used to propagate marijuana plants;  
4027  
4028 (10) “compensation”  
4029  
4030 (A) means money, bartered objects or services, or anything else of value,  
4031 whether given as payment or voluntarily as a donation, when accepted by a person who  
4032 gives, distributes, or delivers marijuana to another;
- 4033 (B) includes a cover charge, a delivery charge, and a packaging charge;  
4034  
4035 (11) “concentrate” or “marijuana concentrate” means resin, oil, wax, or any other  
4036 substance produced by extracting or isolating cannabinoids, THC, or other components from a  
4037 marijuana plant or from materials harvested from a marijuana plant;
- 4038 (12) “consumer”  
4039  
4040 (A) means an individual who purchases and uses marijuana or a  
4041 marijuana product; and  
4042 (B) does not include any marijuana establishment that re-sells marijuana  
4043 or incorporates marijuana into a manufactured product;
- 4044 (13) “contaminant” means one or more of the following:

4048 (A) harmful microbials, including *Escherichia coli* (*E. coli*). or *Salmonella*  
4049

4050 species;  
4051

4052 (B) residual solvents;

4053 (C) poisons or toxins;

4054 (D) harmful chemicals, including pesticides;

4055 (E) dangerous molds, mildew, or filth;

4058 (14) "controlling interest" means ownership or control of  
4059

4060 (A) 50 percent or more of the ownership interest or voting shares of a  
4061 corporation;  
4062 or  
4063

4064 (B) less than 50 percent if a person and family members jointly exert  
4065

4066 actual control as demonstrated by  
4067

4068 (i) making decisions for the corporation without independent  
4069 participation of other owners;

4070 (ii) exercising day-to-day control over the corporation's affairs;

4071 (iii) disregarding formal legal requirements;

4072 (iv) using corporation funds for personal expenses or investments,  
4073

4074 or intermingling corporation finances with personal finances; or  
4075

4076 (v) taking other actions that indicate the corporation is a mere  
4077 instrumentality of the individual;

4078 (15) "distribute" means spread out or pass out among several or many members  
4079 of a group;

4080 (16) "edible" and "edible marijuana product"

4081 (A) means a marijuana product that is intended to be consumed orally,  
4082

4085 whether as food or drink;

4086

4087 (B) does not include an adulterated food or drink product;

4088

4089 (17) “extraction” or “marijuana extraction” means production of marijuana

4090 concentrate by any water-based, food-based, or solvent-based method;

4091 (18) “homogenous” means a component or quality, such as THC, is spread

4092 evenly throughout the product, or can be found in equal amounts in each part of a multi-serving

4093 unit;

4094 (19) “individual” means a natural person;

4095

4096 (20) “in-house testing”

4097

4098 (A) means laboratory testing as provided in 3 AAC 306.635;

4099

4100 (B) does not include consumption of any marijuana or marijuana product

4101 on the licensed premises;

4102 (20) "licensed"

4103

4104 (A) means holding a current and valid license that the board has issued

4105 under this chapter;

4106 (B) does not include holding a formerly valid license that has expired or

4107 that the board has suspended or revoked;

4108 (21) “licensee” means each individual identified in 3 AAC 306.020 who must be

4109 listed in an application for a marijuana establishment license under this chapter;

4110 (22) “licensed premises” means any or all designated portions of a building or

4111 structure, or rooms or enclosures in the building or structure, at the specific address for which a

4112 marijuana establishment license is issued, and used, controlled, or operated by the marijuana

4113 establishment to carry out the business for which it is licensed;

4117 (23) "lot" or "production lot" means a group of marijuana products that were  
4118 prepared at the same time from the same batch of marijuana, using the same recipe or process;

4119 (24) "marijuana" has the meaning given in AS 17.38.900;

4120  
4121 (25) "marijuana cultivation facility" has the meaning given in AS 17.38.900;

4122  
4123 (26) "marijuana plant" means a living organism of the genus *Cannabis* capable of  
4124 absorbing water and inorganic substances through its roots, and synthesizing nutrients in its  
4125 leaves by photosynthesis;

4126 (27) "marijuana product" has the meaning given in AS 17.38.900;

4127  
4128 (28) "marijuana product manufacturing facility" has the meaning given in  
4129 AS 17.38.900;

4130  
4131  
4132 (29) "peace officer" has the meaning given in AS 01.10.060;

4133  
4134 (30) "person" has the meaning given in AS 01.10.060;

4135  
4136 (31) "process" or "processing" means harvesting, curing, drying, trimming of a  
4137 marijuana plant;

4138 (32) "propagate" means to cause a marijuana plant to grow by planting clones or  
4139 cuttings, and nurturing them into viable plants up to 8 inches in height;

4140 (33) "recreation or youth center" means a building, structure, athletic playing  
4141 field, or playground

4142 (A) run or created by a local government or the state to provide athletic,  
4143 recreational, or leisure activities for minors; or

4144 (B) operated by a public or private organization licensed to provide  
4145 shelter, training, or guidance for minors;

4146 (34) "retail marijuana store" has the meaning given in AS 17.38.900;

4150 (35) "square feet under cultivation"

4151  
4152 (A) means an area of the licensed premises of a standard or limited  
4153 marijuana cultivation facility that is used for growing marijuana, measured from the  
4154 perimeter of the floor or growing space for marijuana;

4155 (B) does not include a processing or storage area, an equipment storage  
4156 area, an office, a hallway, or another area, if that area is not used for growing marijuana;

4157 (36) "THC" means *tetrahydrocannabinol*, the main psychoactive substance found  
4158 in marijuana;  
4159

4160  
4161 (37) "THCA" means THC Acid;

4162  
4163 (38) "transaction" means one single occurrence in which marijuana or a  
4164 marijuana product not exceeding the limits set out in 3 AAC 306.355 is passed from a licensed  
4165 marijuana establishment to another person. Eff. \_ / \_\_\_ / \_\_\_\_\_, Register \_\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.070 AS 17.38.084  
AS 17.38.090 AS 17.38.100 AS 17.38.900





**AS SHOWN ON THE MCB WEBSITE**

**QUESTIONS RECEIVED REGARDING SET #3 (ARTICLES 4,5,6,8 &9) OF PROPOSED MARIJUANA REGULATIONS WITH ANSWERS**

**QUESTIONS ABOUT CULTIVATION FACILITIES RULES (ARTICLE 4):**

1. *If the cultivation facility licensee lives in a separate building but still in the same lot as the cultivation facility would that be in violation of regulation?*

A: Nothing in Article 4 addresses where a person holding a cultivation facility license resides.

2. *Why can't a small limited cultivator hold any other license? It is conceivable to see a small limited cultivator wanting to hold a manufacturing license. What is the issue?*

A: The small cultivation facility license rules were developed for small growers who only want to grow and who are willing to use a broker to complete the business pieces of cultivation licensing regulations. Stacking any other type of license on a limited cultivation license is inconsistent with that model.

3. *306.420(c)(2) requires a broker to submit a form of agreement with a limited cultivation facility before the broker has even obtained a broker license. So, a hopeful broker should make an illegal agreement to do business before they have obtained licensing?*

A: None of the regulations are intended to require illegal agreements.

4. *306.435(c)(2) requires that the public cannot detect an odor outside of the facility. Within how many feet? What if the wind blows?*

A: Enforcement of regulatory provisions such as this one will be fact-dependent. The board will be the ultimate arbiter of whether an odor issue must be addressed by a licensee.

5. *Please further define "full video surveillance" as referenced in 306.435(d).*

A: Please read 306.725 which describes the video surveillance required by 306.345(d), and which is referenced therein.

6. *306.440 What Tracking System will be prescribed?*

A: The tracking system is generally described in 306.760. No specific software or vendor has yet been identified.

7. *306.430 Many operations will be diversified where some of the employees may be janitors or housekeeping etc., why on earth would we require these folks to be permitted?*

A: All employees of any marijuana establishment are required to hold marijuana handler permits per 306.715. The requirement of a marijuana handler permit was discussed by the board at its meeting reviewing that section of the regulations with public comments thereon.

8. *What is the intent or purpose to have rigid walls on a greenhouse/high tunnel?*

A: To ensure control over and security of the marijuana crop.

9. *In 410(a)(1) when you say "under cultivation".. does this also include plants being propagated?, like clones.. etc. as part of a square footage calculation?*

A: Please review the definition of "square feet under cultivation" in Article 9.

10. *In dealing with the Limited Marijuana Cultivation Facility License; a dedicated area of 500'sq is required. Can 2 separate permit holders maintain 2 separate dedicated areas of 500'sq in one property?*

A: Nothing in Article 4 prohibits the concept of two separate licensees maintaining two separate licensed premises being co-located on one larger piece property, so long as each licensee has the title, lease or other documentation showing the licensee's right to possession to that licensee's licensed premises as required in Article 1 (306.020(b)(9)).

#### **QUESTIONS ABOUT PRODUCTION FACILITIES RULES (ARTICLE 5):**

1. *Why is the THC cap for concentrates set at 76% THC?*

2. *Why is THC being limited to only 76% in 306.545(c)?*

3. *In 3 AAC 306.545 We request clarification on how the board established the 76 percent THC potency cap for products and why that number was chosen in order to make an appropriate and accurate public comment.*

ANSWER to 1 and 2 above: Please read AS 4.16.110, "Sale of certain alcoholic beverages prohibited." The determination of the legislature in Title 4 that alcoholic beverages above 76% alcohol by volume are too strong to be safely regulated is taken as instructive in the draft regulations.

4. *Extraction equipment is very low pressure, why the 600lb/sq, inch requirement in 306.550(c)(1)?*

A: This language was taken from other states' rules regarding extraction equipment. Staff is in the process of researching this issue for the board.

5. *Another concern relates to home-based hash oil extraction which uses butane or other potentially explosive methods. The regulations appear to address commercial hash oil extraction. Will the regulations address personal hash oil extraction methods or is it anticipated that additional state legislation will be necessary to address personal hash oil extraction in order to protect the public health, safety, and welfare?*

A: The regulations pertain only to rules around commercial extraction in licensed marijuana product manufacturing facilities.

6. *306.565(b) Who is to define whether a cartoon character is targeting someone under the age of 21? Who defines what the difference between advertising to an adult's inner child and a child is?*

A: Enforcement of regulatory provisions such as this one will be fact-dependent. The board will be the ultimate arbiter of whether an illustration appears to be targeting someone under the age of 21.

**QUESTIONS ABOUT TESTING FACILITIES RULES (ARTICLE 6):**

1. *Marijuana testing facilities would each need to employ a “scientific director” who has both academic and post-degree laboratory experience in chemical and biological sciences. Will the State require a 4 year BS degree to operate a certified laboratory?*

A: The proposed regulations require a scientific director in order to be granted a testing facility license. The requirements for the background of the scientific director are outlined in the regulation referenced in the question (306. 630)

2. *306.605(a) does not allow any person to provide testing or results without a license. What about personal grow testing with personal testing equipment?*

A: The requirement for a marijuana testing facility license applies only to a person (including individual, partnership or corporation) “offering any service [testing marijuana or marijuana products] to any other person including a marijuana establishment or any member of the public, whether for compensation or not, as an independent or third-party testing facility” 306.600(a). This would not appear to apply in the scenario described in the question.

**QUESTIONS ABOUT PUBLIC CONSUMPTION OF MARIJUANA:**

1. *Where will the tourists be able to consume cannabis? How about in their hotels or bed and breakfasts? Will these businesses be allowed to provide designated areas?*

A: AS 17.38.040 prohibits the consumption of marijuana in public places. “In public” was defined by the board in a regulation that was made permanent this year and includes any place to which the public or a substantial portion of the public has access. The proposed regulation in Article 9 prohibits the creation of clubs that would invite the public in to consume marijuana but charge a membership fee, admission fee or cover charge for admission. AS 17.38 does not provide legal authority for the Marijuana Control Board to create a license type permitting consumption of marijuana in a place which is open to the public.

**GENERAL QUESTIONS:**

1. *Does property used for cultivation have to be zoned for commercial or can it be residential?*

A: Zoning is the province of local governments and is not addressed in this set of regulations.

2. *Does the permit holder need to own the property or can it be leased?*

A: The question of a licensee’s right to possession of the property on which its licensed premises are located is in Article 1, 306.020(b)(9).

3. *How many permits can one person hold?*

A: The answer to this question depends on the type of licenses being discussed. Generally, the regulations permit “stacking” of licenses other than testing facility licenses and limited cultivation facility licenses.

**QUESTIONS NOT COVERED IN THE PROPOSED REGULATIONS IN SET #3 (not answered)**

1. What is state of Alaska doing to ensure Alaskans are given the opportunity to purchase marijuana products in rural communities?
2. Will an unorganized borough be allowed to regulate marijuana and if so how many permits right be given to an island such as Prince of Wales.
3. What will the marijuana business look like when it is first implemented? Will licenses be staggered given that it will be necessary to cultivate marijuana prior to manufacturing or selling it? Where will the initial 8 inch plants referenced in 3 AAC 306.440 come from?
4. In order to reduce the burden on state officials why not allow monthly statements and payment of excise tax quarterly, similar to alcohol and tobacco business tax collection that currently takes place?
5. I'm a land owner with 7 acre wishing to operate a 2500 sq ft grow am I going to be able to do it??

**QUESTIONS THAT ARE ACTUALLY COMMENTS OR RHETORICAL QUESTIONS THAT CANNOT BE ANSWERED BY THE PROPOSED REGULATIONS IN SET #3 (not answered)**

1. Is it necessary for every potential business owner to submit the growing medium? Fertilizers and chemicals? Every batch will be tested, they will either pass or fail testing and inspection. Irrigation and waste water system? Waste disposal arrangements? Odor control? These are things we will all need to comply with, why must we decide and tell the board every single detail? The testing procedure and protocols?
2. 306.520(3) is requiring once again a massive amount of trivial information. Why is this so detailed?
3. What other industry applying for a license or permit in this state requires an operating/business plan be submitted? This is not the function of this board to determine whether or not an applicant has an operating/business plan that will be evaluated based on what criteria?
4. 306.435(d) What about the farmer who has 20 acres? How on earth would anyone expect to have every single foot under surveillance?
5. We fought long and hard to secure clean indoor air; including a fight to the Alaska Supreme Court to decide that "private" clubs are public places. But the state is considering rolling back that decision, to accommodate marijuana entrepreneurs who want to make a lot of money off pot-smoking tourists. Is this good governance? Compromising hard fought-for laws to accommodate capitalism at the expense of the public health and safety in our community?
6. I did NOT vote to create a marijuana tourism industry in Alaska. I know that the marijuana entrepreneurs stand to make a lot of money, but just like tobacco and alcohol, who is going to be stuck paying for the public health impact; financially and emotionally?

SUPPLEMENTAL NOTICE OF PROPOSED REGULATIONS  
REGARDING MARIJUANA LICENSING, LOCAL OPTIONS, RETAIL STORES,  
CULTIVATION FACILITIES, PRODUCT MANUFACTURING FACILITIES, TESTING  
FACILITIES, OPERATING REQUIREMENTS, DEFINITIONS, ENFORCEMENT  
AND GENERAL PROVISIONS

MARIJUANA CONTROL BOARD

BRIEF DESCRIPTION

The Marijuana Control Board proposes to adopt regulations to implement the marijuana law which was voted on as Ballot Measure 2 in November 2014. These proposed regulations relate to marijuana licensing and fees, as well as local options for local governments to “opt out” of having certain kinds of marijuana establishments, rules for retail marijuana stores, cultivation facilities, product manufacturing facilities, and testing facilities, operating requirements for all marijuana establishments, enforcement provisions and general provisions including definitions.

The Marijuana Control Board proposes to adopt regulations in Title 3 of the Alaska Administrative Code, dealing with local option regulations, marijuana licensing and fees, as well as local options for local governments to “opt out” of having certain kinds of marijuana establishments, rules for retail marijuana stores, cultivation facilities, product manufacturing facilities, and testing facilities, operating requirements for all marijuana establishments, enforcement provisions, and general provisions including definitions, including the following:

- (1) Article 1 – Licensing, Fees regulations are proposed as follows:

The proposed regulations consist of a series of provisions establishing when a marijuana establishment license is required, restrictions on licenses, conditions on licenses, rules regarding applications for a new license, application procedures, rules regarding petitioning for a license in an area with no local government, rules regarding applications for renewal of licenses, rules regarding reporting of changes in ownership of licenses, rules regarding application for transfers of licenses to another person, relocation of licensed premises not allowed, rules regarding criminal justice information and records, rules for protests by local governments, public participation in issuance of licenses, renewals and transfers, public hearings on protests or to ascertain the reaction of the public or local government to an application, procedure for action on license applications, denial of license applications, informal conferences with the director or the board, formal hearings, appeals, fees and refunds.

- (2) Article 2 – Local Option regulations are proposed as follows:

The proposed regulations consist of a series of provisions establishing a local government's ability, by ordinance or popular vote, to opt out of allowing marijuana establishments to operate in their jurisdiction. The proposed local option regulations are modeled generally on the local option statutes for liquor licensed establishments in AS 04.11, except that the marijuana law, AS 17.38.900(4), defines “local government” as excluding villages. The proposed regulations include rules prescribing types of local options, a change of a local option, the removal of a local option, the procedures for a local option election, the prohibition of importation or purchase after a local option election, the effect on licenses of a restriction on sale, and notice of results of a local option election.

- (3) Article 3 – Marijuana Retail Stores regulations are proposed as follows:

The proposed regulations consist of a series of provisions establishing when a marijuana retail store license is required, marijuana retail store privileges, acts prohibited at a marijuana retail store, application for a marijuana retail store license, when a marijuana handler permit is required, restricted access area at a marijuana retail store, rules regarding a marijuana inventory tracking system, health and safety requirements for marijuana retail store, testing requirements for marijuana and marijuana products sold at marijuana retail store, rules regarding packaging and labeling of marijuana products sold at a retail store, identification requirements to prevent sale to persons under the age of 21, limits on quantity sold, and restrictions on advertising and signage relating to marijuana and marijuana products.

- (4) Article 4 – Marijuana Cultivation Facilities regulations are proposed as follows:

The proposed regulations consist of a series of provisions establishing when a marijuana cultivation facility license is required, types of marijuana cultivation facility licenses including standard marijuana cultivation facilities, limited marijuana cultivation facilities, and marijuana cultivation broker facilities, setting out privileges and prohibited acts for each type of marijuana cultivation facility, rules regarding applications for marijuana cultivation facility licenses, requirements for marijuana handlers' permits related to marijuana cultivation facilities, restricted access areas in marijuana cultivation facilities, rules regarding a marijuana inventory tracking system, health and safety requirements for marijuana cultivation facilities, general standards for cultivation and preparation of marijuana in cultivation facilities, rules regarding the prohibition of marijuana concentrate production at marijuana cultivation facilities, required laboratory testing for marijuana cultivation facilities, rules regarding promotional samples for marijuana cultivation facilities, rules regarding random sampling by the board or director, rules regarding the packaging of marijuana, rules regarding the labeling of marijuana and rules regarding the marijuana tax to be paid by marijuana cultivation facilities.

- (5) Article 5 – Marijuana Product Manufacturing Facilities regulations are proposed as follows:

The proposed regulations consist of a series of provisions establishing when a marijuana product manufacturing facility license is required, marijuana product manufacturing facility privileges, acts prohibited at a marijuana product manufacturing facility, rules for a marijuana concentrate manufacturing facility license, application for a marijuana product manufacturing facility license, rules regarding approval of concentrates and marijuana products, when a marijuana handler permit and food safety worker training is required, restricted access area and storage at a marijuana product manufacturing facility, rules regarding a marijuana inventory tracking system, health and safety standards for a marijuana product manufacturing facility, required laboratory testing for a marijuana product manufacturing facility, rules regarding production of marijuana concentrate, rules regarding potency limits per serving and transaction, rules regarding packaging of marijuana products, and rules regarding labeling of marijuana products.

- (6) Article 6 – Marijuana Testing Facility regulations are proposed as follows:

The proposed regulations consist of a series of provisions establishing when a marijuana testing facility license is required, marijuana testing facility privileges and acts prohibited

at a marijuana testing facility, application for a marijuana testing facility license, approval of a marijuana testing facility, rules regarding a proficiency testing program for a marijuana testing facility, requirement of a scientific director, rules regarding testing methodologies, a standard operating procedure manual, laboratory testing of marijuana and marijuana products, and a chain of custody, rules regarding a marijuana inventory tracking system, rules regarding retests and disposition of failed material, rules regarding supplemental marijuana quality testing, rules regarding reporting and verification and rules regarding records retention by a marijuana testing facility.

- (7) Article 7 – Operating Requirements for All Marijuana Establishments regulations are proposed as follows:

The proposed regulations consist of a series of provisions regarding marijuana handler permits, establishing licensed premises and alteration of licensed premises, restricted access areas, security alarm systems and lock standards, video surveillance, inspection of licensed premises, rules regarding a marijuana inventory tracking system, health and safety standards, waste disposal, standardized scales, transportation, and business records.

- (8) Article 8 – Enforcement and Civil Penalties regulations are proposed as follows:

The proposed regulations consist of a series of provisions establishing rules regarding inspection and investigation, notices of violation, suspension and revocation of licenses, suspension and revocation based on an act of an employee, procedure for action on license suspension or revocation, summary suspension to protect public health, safety or welfare, seizure of marijuana or marijuana product, rules regarding hearings, rules regarding civil fines, rules regarding rights of appeal, and rules regarding surrender or destruction of licenses.

- (9) Article 9 – General Provisions regulations are proposed as follows:

The proposed regulations consist of a series of provisions establishing general provisions including prohibition of marijuana clubs, rules establishing that marijuana establishment applications are public records, rules regarding refusal to sell marijuana, rules regarding the exercise of a licensee's authority, rules regarding the death of a licensee and definitions for the following terms: affiliate, assisting, delivering, flowering, immature, personal cultivation, possess, registration, transport or transfer, adulterated food or drink product, agent, batch or harvest batch, bud and flower, business day, CBN, CBD, CBDA, clones or cuttings, compensation, concentrate, consumer, contaminant, controlling interest, distribute, edible and edible marijuana product, extraction or marijuana extraction, homogenous, individual, in-house testing, licensed, licensee, licensed premises, lot or production lot, marijuana, marijuana cultivation facility, marijuana, marijuana cultivation facility, marijuana plant, marijuana product, marijuana product manufacturing facility, peace officer, person, process or processing, propagate, recreation or youth center, retail marijuana store, square feet under cultivation, THC, THCA, and transaction.

This is a SUPPLEMENTAL NOTICE adding to notices of proposed regulations that were issued on August 12, 2015, July 8, 2015, and May 21, 2015 with respect to proposed regulations under Department of Law file numbers JU2015200372 , JU2015200509, and JU2015200669 and any related notices; and incorporate by reference the previous content of those notices. This SUPPLEMENTAL NOTICE is being issued because the Marijuana Control Board is extending the public comment period to solicit comments on the three projects for which the proposed regulations are presented as a single consolidated draft.

You may comment on the proposed regulations, including the potential costs to private persons of complying with the proposed regulations, by submitting written comments to John Calder, Marijuana Control Board at 550 W. 7<sup>th</sup> Ave, Suite 1600, Anchorage, AK 99501. Additionally, the Marijuana Control Board will accept comments by electronic mail at [john.calder@alaska.gov](mailto:john.calder@alaska.gov). Comments may also be submitted through the Alaska Online Public Notice System, by accessing this notice on the system and using the "comment" link. Indicate the article and section number to which each comment refers. The comments must be received no later than 4:30 p.m. on November 11, 2015.

You may submit written questions relevant to the proposed regulations to John Calder by email and physical address. Please do not submit questions through the Alaska Online Public Notice System. The questions must be received at least 10 days before the end of the public comment period, by November 1 at 4:30 p.m. The Marijuana Control Board will aggregate its response to substantially similar questions and make the questions and response available on the Marijuana Control Board website. The Marijuana Control Board may, but is not required to, answer written questions received after the 10-day cut-off date and before the end of the comment period.

If you previously submitted comments on any of the proposed regulations, you need not resubmit them for the board to consider those comments when meeting to adopt the final regulations. New comments on updated provisions of the proposed regulations are welcome, as well as additional comments on unchanged provisions of the proposed regulations.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact John Calder at (907) 269-0350 no later than November 1, 2015 to ensure that any necessary accommodations can be provided.

A copy of the proposed regulations are available through the electronic link to the complete text on the Alaska Online Public Notice System, on the Alcoholic Beverage Control Board website at <https://www.commerce.alaska.gov/web/abc/> and by contacting John Calder at 550 W. 7<sup>th</sup> Ste 1600, Anchorage, AK 99501.

After the public comment period ends, the Marijuana Control Board will either adopt the proposed regulations or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulations may be different from that of the proposed regulations. **You should comment during the time allowed if your interests could be affected.**

**Statutory Authority:** AS 17.38.090

**Statutes Being Implemented, Interpreted, or Made Specific:** AS 17.38

**Fiscal Information:** The proposed regulations are not expected to require an increased appropriation.

DATE: October 2, 2015

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Cynthia A. Franklin, Director  
Marijuana Control Board





# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Office of the City Clerk

491 East Pioneer Avenue  
Homer, Alaska 99603

[clerk@cityofhomer-ak.gov](mailto:clerk@cityofhomer-ak.gov)

(p) 907-235-3130

(f) 907-235-3143

## MEMORANDUM

TO: CANNABIS ADVISORY COMMISSION  
FROM: RENEE KRAUSE, CMC, DEPUTY CITY CLERK I  
DATE: OCTOBER 15, 2015  
SUBJECT: TAXATION

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Commissioner Burgess requested the topic of taxation on the agenda this month and information from the City Attorney regarding the subject and what options would have available to the city.

As of packet production no items had been received from the City Attorney.

I took the liberty of including the following information from Colorado, Washington and the section of Homer City Code related to taxation for your review and information.

Any information received from the City Attorney will be provided to the Commission as a lay down item.

Recommendation  
Informational In Nature. No Action Required.





## STATE TAXES ON MARIJUANA

by Larson Silbaugh and Greg Sobetski

In 2000, voters approved Amendment 20, allowing the possession and use of medical marijuana in Colorado. In 2012, voters approved Amendment 64, legalizing marijuana for use by adults aged 21 and older. Sales of retail marijuana for adult use began on January 1, 2014.

Three taxes apply to marijuana, but medical and retail marijuana are taxed differently. Both medical and retail marijuana are subject to the 2.9 percent state sales tax, which is applied to most purchases in the state. Additionally, retail marijuana is subject to a 10 percent special sales tax, levied on retail sales, and a 15 percent excise tax, levied on the first transfer of marijuana from a wholesaler to a processor or retailer. These additional taxes on retail marijuana were approved by voters with the passage of Proposition AA in 2013. Table 1 shows the state taxes that apply to medical and retail marijuana.

**Table 1**  
**State Taxes on Medical and Retail Marijuana**

	Medical Marijuana	Retail Marijuana
State Sales Tax (2.9%)	✓	✓
Special Sales Tax (10.0%)		✓
Excise Tax (15.0%)		✓

### State Sales Tax

The state collects a 2.9 percent sales tax on the sale of retail and medical marijuana. The sales tax applies to the retail sale of tangible property, unless

there is a specific exemption. Because there is no exemption for marijuana, the tax is collected from the consumer by the retailer. The retailer then remits the tax to the Department of Revenue each month.

The sales tax exemption for prescription drugs does not apply to medical marijuana. Medical marijuana use requires a doctor's recommendation rather than a prescription.

State sales tax revenue from the sale of most products are deposited in the state General Fund. However, sales tax revenue from medical and retail marijuana is deposited in the Marijuana Tax Cash Fund, described later in this issue brief.

### Proposition AA Taxes

Amendment 64 directed the legislature to create an excise tax on retail marijuana to fund school construction. Because the state constitution requires new taxes to be approved by voters in a separate election,<sup>1</sup> this tax was not instituted until the passage of Proposition AA in 2013. Proposition AA included two taxes on retail marijuana: an excise tax and a special sales tax.

**Excise tax.** An excise tax is a tax on the use or consumption of certain products, such as gasoline, alcohol, or cigarettes. The tax is generally collected at the wholesale level and passed on to consumers in the retail price. Retail marijuana cultivators are responsible for remitting a 15 percent excise tax when they first sell or transfer marijuana to a processor, store, or other cultivator. For the purpose

<sup>1</sup> Colo. Const. art X, § 20 (4)(a).

of computing excise taxes, the wholesale price of unprocessed retail marijuana is determined according to a per-pound rate for flowers, a per-pound rate for trim, and a per-unit rate for immature plants. Every six months, the Department of Revenue determines average wholesale prices for unprocessed marijuana in these categories, and all unprocessed retail marijuana is taxed accordingly. Medical marijuana is not subject to the state excise tax.

Under Amendment 64, the state excise tax rate is limited to 15 percent until January 1, 2017. The state legislature may seek voter approval to raise the excise tax rate on or after that date. The first \$40 million in revenue raised by the excise tax each year is credited to the Building Excellent Schools Today program, which is used for the construction of public schools. Excise tax revenue is estimated at \$11.2 million in FY 2014-15 and \$11.7 million in FY 2015-16. If the amount collected is greater than \$40.0 million, the excess will be deposited in the Marijuana Tax Cash Fund, described later in this issue brief.

Retail marijuana cultivators were not licensed to begin growing marijuana until January 1, 2014, the same date retail sales began. Until plants grown by licensed retail cultivators matured, stores relied on medical marijuana cultivation facilities to supply their inventory. For this reason, producers are allowed a single transfer of unprocessed marijuana grown by a medical cultivator to a retail marijuana processor or store. The state excise tax is not levied on this one-time transfer.

**Special sales tax.** Proposition AA added a special state sales tax to be applied when a consumer purchases retail marijuana from a licensed store. The special sales tax rate is initially set at 10 percent. The legislature can raise or lower the tax rate at any time through legislation; however, this rate cannot exceed 15 percent without further voter approval. The special sales tax is levied in addition to taxes applied to other retail purchases, including the 2.9 percent state sales tax and local sales taxes. All sales taxes are applied to the retail price paid by the consumer, which includes the state excise tax when it is passed through to consumers. Medical marijuana is not subject to the special sales tax, but remains subject to the preexisting 2.9 percent state sales tax.

Amendment 64 allows cities and counties to enact local bans against the cultivation, processing, and sale of retail marijuana. Per Proposition AA, cities and counties that allow retail marijuana sales receive 15 percent of state revenue collected from the special sales tax. Tax revenue distributions are proportional to the percentage of retail marijuana sales within each jurisdiction. Cities and counties may use this revenue at their discretion. On April 1, the state legislature is required to determine whether the percentage of revenue allocated to cities and counties is set at an appropriate level. The remaining share of special sales tax revenue, currently 85 percent, is deposited in the Marijuana Tax Cash Fund.

### **Marijuana Tax Cash Fund**

In 2014, the legislature created the Marijuana Tax Cash Fund (MTCF) to collect marijuana tax revenue not already designated for another use.<sup>2</sup> State sales tax revenue collected on medical and retail marijuana sales is paid to the fund, along with 85 percent of special sales tax revenue and any excise tax revenue in excess of the first \$40 million each year.

MTCF revenue is appropriated annually to health care, health education, and substance abuse prevention and treatment programs at the discretion of the legislature. Revenue is appropriated from the MTCF for distribution during the fiscal year after it is received. For FY 2014-15, \$18.5 million was appropriated from the MTCF to fund programs in the Department of Human Services, the Department of Public Health and Environment, the Department of Education, the Department of Law, and the Governor's Office.

### **Local Taxes**

Cities and counties across the state collect their own sales taxes. Local tax rates apply to sales of both medical and retail marijuana. In addition, Proposition AA allowed counties and statutory cities to apply a special sales tax to retail marijuana. Home-rule cities may also levy a special sales tax on retail marijuana.

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<sup>2</sup>Senate Bill 14-215.

**State of Colorado**  
**Marijuana Taxes, Licenses, and Fees Transfers and Distribution**  
**November 2014 Sales Reported in December**

Line	December 2014 Reported	December 2013 Reported	Change		Year-to-Date FY2014-15	Year-to-Date FY2013-14	Change	
			\$	%			\$	%
<b>TAXES</b>								
1	\$ 1,649,935	\$ -	\$ 1,649,935	N/A	\$ 10,345,595	\$ -	\$ 10,345,595	N/A
2	772,472	-	772,472	N/A	5,214,809	-	5,214,809	N/A
3	877,463	-	877,463	N/A	5,130,786	-	5,130,786	N/A
4	\$ 2,933,821	\$ -	\$ 2,933,821	N/A	\$ 17,869,213	\$ -	\$ 17,869,213	N/A
5	411,774	-	411,774	N/A	2,651,887	-	2,651,887	N/A
6	2,333,413	-	2,333,413	N/A	15,027,449	-	15,027,449	N/A
7	188,634	-	188,634	N/A	189,877	-	189,877	N/A
8	\$ 1,363,689	\$ -	\$ 1,363,689	N/A	\$ 8,360,430	\$ -	\$ 8,360,430	N/A
9	1,350,161	-	1,350,161	N/A	8,337,681	-	8,337,681	N/A
10	-	-	-	N/A	-	-	-	N/A
11	13,528	-	13,528	N/A	22,749	-	22,749	N/A
12	\$ 5,947,445	\$ -	\$ 5,947,445	N/A	\$ 36,575,239	\$ -	\$ 36,575,239	N/A
<b>LICENSES AND FEES</b>								
13	1,518,123	\$ 579,671	\$ 938,452	161.9%	\$ 7,436,701	\$ 4,694,761	\$ 2,741,940	58.4%
14	701,223	459,421	241,802	52.6%	4,762,711	2,990,761	1,771,950	59.2%
15	816,900	120,250	696,650	579.3%	2,673,990	1,704,000	969,990	56.9%
<b>TAXES, LICENSES, AND FEES TOTALS</b>								
16	\$ 5,501,471	\$ 579,671	\$ 4,921,800	849.1%	\$ 32,809,746	\$ 4,694,761	\$ 28,114,985	598.9%
17	\$ 7,465,568	\$ 579,671	\$ 6,885,898	1187.9%	\$ 44,011,940	\$ 4,694,761	\$ 39,317,179	837.5%

\* Indicates those receipts that have posted to the accounting system but have not yet been reconciled to the relevant sales/excise tax return. These receipts may affect the precision of the calculations to transfer or distribute the sales/excise taxes to their proper disposition.

Source: Colorado Department of Revenue  
Prepared by: Office of Research and Analysis, dor\_ora@state.co.us

Publish date: January 2015





- Bill Title:** Relating to comprehensive marijuana market reforms to ensure a well-regulated and taxed marijuana market in Washington State.
- Bill Number:** 2E2SHB 2136
- Effective Date:** 7/1/2015 – Except:
- Section 503, Part V, which becomes effective 10/1/2015;
  - Sections 203 and 1001, which become effective 7/1/2016; and
  - Sections 302, 503, 901, 1204, and 1601 and Part XV which become effective 7/24/15.
- Amends:** RCW 69.50.334, 69.50.357, 69.50.369, 69.50.535, 69.50.540, 69.50.331, 69.50.445, 69.50.4013, 18.170.020, 69.50.4014, 66.08.050, 69.50.101, 69.51A.---, 69.50.530, 69.50.204, 69.50.430, 69.50.---, 28B.20.502, 43.350.030, 42.56.---, and 69.50.342;
- New Sections:** 69.50, 82.08, 82.12, 42.56; repealing RCW 10 69.50.425;

### **Summary**

This bill makes many changes to both the underlying law as established by I-502, as well as laws pertaining to the Medical Marijuana provisions in the law. The major provisions of the bill include:

### **Taxation**

- Eliminates the marijuana excise taxes of 25 percent imposed at the producer and processor tiers and modifies the excise tax imposed at the retail level, imposing it on the buyer rather than the seller. This retail sales tax is changed to 37 percent of the final retail price of the marijuana product(s). A sales and use tax exemption is allowed for patients with a qualifying authorization card issued by the Department of Health.
- Prohibits bundled transactions and conditional sales that offer special deals for the purchase of non-marijuana products.

### **Local Revenue Sharing**

A portion of the marijuana excise tax revenues will be shared with cities and counties that allow state-licensed marijuana businesses within their jurisdictions, not to exceed \$15 million per fiscal year for 2017-19, and \$20 million per fiscal year thereafter.

- Thirty percent of the local distribution is disbursed to counties, cities and towns allocated as a portion of state marijuana revenue based on the amount of marijuana excise tax revenues attributable to any licensed retail store within the county, city or town.

- The remaining 70 percent is disbursed based on population. Counties receive 60 percent of this allocation; and cities and towns will share the remaining 40 percent.
- Funding of at least \$12 million is provided in the budget for distribution to local governments for marijuana enforcement under a distribution formula based on retail sales within local jurisdictions. The \$12 million must be appropriated, at least \$6 million in each fiscal year of the upcoming biennium.

### **Signage**

Signage requirements are modified to allow two signs identifying marijuana businesses. The prohibition on products within the store being visible from a public right-of-way is eliminated.

### **Buffer Distances**

Local governments are permitted to pass an ordinance to allow for a reduction in the 1000-foot buffer requirements to 100 feet around all entities except elementary and secondary schools and public playgrounds.

### **Residency**

The residency requirement for the sole proprietor applying for a marijuana producer, processor, or retail license is changed to six months prior to submitting the application, extending the original three-month requirement.

### **Local Zoning Authority**

The law defends the authority of local jurisdictions to prohibit marijuana production and processing in residential or rural zones with minimum lots of five acres in size.

### **Marijuana Consumption in Public**

The prohibition on consumption of marijuana in public is modified to more closely resemble the law governing alcohol. However, there is no exemption for state parks and brewery or winery grounds, as is allowed for alcohol.

### **Creation of a Transport and Delivery License**

The Washington State Liquor and Cannabis Board (WSLCB) will create and may issue a new license type for common carriers that will be allowed to transport marijuana products between licensed producers, processors, and retailers, and set all rules governing their operations. Unless otherwise authorized by the WSLCB, the common carrier is prohibited from carrying or using a firearm.

### **Donations to the WSLCB**

The WSLCB is allowed to accept donations or grants to help fund public awareness and educational programs regarding the health risks associated with marijuana for both youth and adults.

### **Cannabis-based Beauty Aids**

A new class of “Cannabis health and Beauty aid” is created, defined as a product which:



- Is intended for use only as a topical application to enhance appearance;
- Contains a tetrahydrocannabinol (THC) concentration of no more than 0.3 percent;
- Does not cross the blood-brain barrier; and
- Is not intended for ingestion by humans or animals.

Cannabis-based beauty can be sold by licensed marijuana retailers.

### **Notification of Prospective Licensees**

All prospective licensees must display a sign on the outside of the premises or property to be licensed stating the intent of the applicant to operate a state-licensed marijuana business. Local jurisdictions may impose additional notice requirements for facilities located within 1000 feet of certain entities.

### **Marijuana Product Redefinitions**

The definition of "marijuana-infused products" is revised to reduce the maximum allowable THC concentration in such products from 60 percent to 10 percent.

The term "marijuana concentrates" is redefined to include all such concentrates having a THC concentration greater than 10 percent.

### **Further Restrictions on Marijuana Cooperatives**

Cooperatives are required to meet the same buffer requirements for licensed marijuana businesses, including in jurisdictions with reduced area prohibitions.

### **Dedicated Marijuana Account**

The Dedicated Marijuana Account is created in the State Treasury. All funds in the account are required to be appropriated before monies in the account are shared or allocated.

### **Ban on Synthetic Cannabinoids**

- Synthetic cannabinoids are added to Schedule I of the Controlled Substance Act and subject to the same felony charges and fines as other Schedule I substances. Synthetic cannabinoids are defined as a chemically synthesized compound or its chemical analog that is chemically synthesized and has been demonstrated to have binding activity at a cannabinoid receptor in the brain.
- A person who manufactures, sells, or distributes synthetic cannabinoids, cathinones, or methcathinones must pay a fine between \$10,000 and \$500,000, in addition to other criminal and civil penalties. The minimum fine for selling to a minor under 18 years old is increased to \$25,000.

### **Ban on Vending Machines and Drive-throughs**

Licensed marijuana retailers are prohibited from operating vending machines or drive-through for sales of marijuana products.

### **Ban on Marijuana Clubs**

It is unlawful to operate a business for the sole purpose of keeping or consuming marijuana, subject to a class C felony charge.

### **Revisions to Marijuana Research License**

- Half of the research license issuance fee is to be directed to the Life Science Discovery Fund.
- The University of Washington and Washington State University are permitted to contract with tribal entities to conduct marijuana research.

### **Mandatory Minimum Sentence Repealed**

Repeals a mandatory 24-hour sentence and \$250 fine for misdemeanor convictions where it is the offender's first violation of the CSA. It also repeals additional penalties for subsequent misdemeanor convictions and alternative community restitution sentence.

### **How to apply for a Transport and Delivery License**

The WSLCB has begun developing the license for a common carrier to allow delivery services between state-licensed marijuana businesses. Once the application process is defined, the application will be posted on the WSLCB website at: [lcb.wa.gov](http://lcb.wa.gov).

Once the WSLCB receives an application, a Marijuana Licensing Specialist will be assigned to the application and begin processing it. The Marijuana Licensing Specialist will send the applicant an approval letter after the applicant meets all WSLCB requirements for licensure and all background checks and inspections are completed.

### **Contact Information**

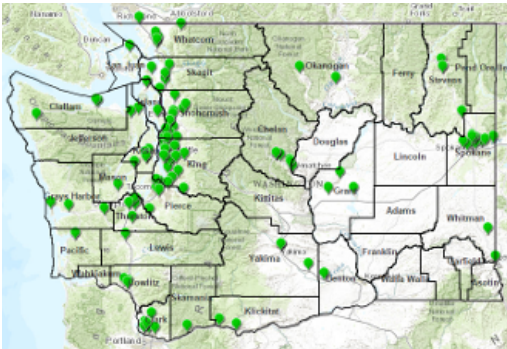
For specific questions, please contact Customer Service at 360-664-1600 or [lcb.wa.gov](http://lcb.wa.gov).



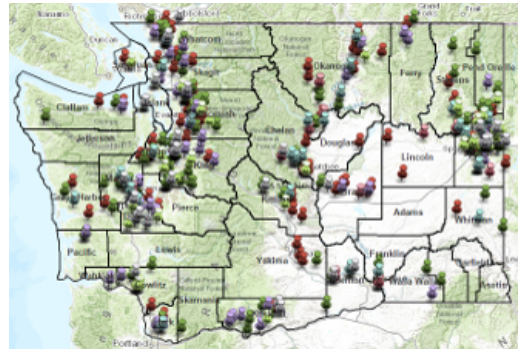
## Licensing

Producer licenses issued	Producer/Processor licenses issued	Processor licenses issued	Retail licenses issued
<b>167</b>	<b>512</b>	<b>64</b>	<b>206</b>
Pending build out / applicant place on hold	Producer/Processor pending inspection	Retailer pending inspection	Retailers reporting sales
<b>106</b>	<b>20</b>	<b>1</b>	<b>184 out of 204</b>

## Locations



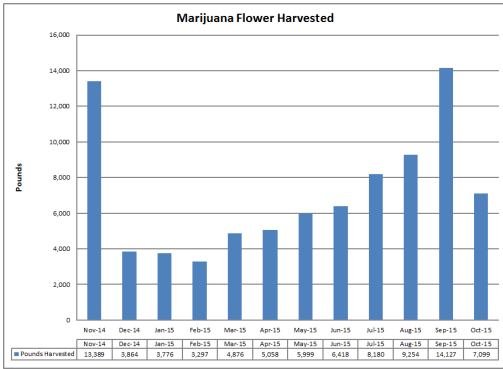
[View larger map](#)  
Retail locations



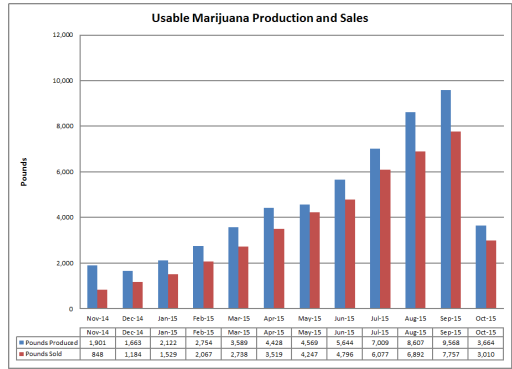
[View larger map](#)  
Producer/Processor locations

## Production

Flower harvest MTD/FYTD lbs.	Useable MJ produced MTD/FYTD	Useable MJ sales volume MTD/FYTD	Extracts produced MTD/FYTD grams
<b>7,099 lbs.</b> <b>38,661 lbs.</b>	<b>3,664 lbs.</b> <b>28,847 lbs.</b>	<b>3,010 lbs.</b> <b>23,736 lbs.</b>	<b>149,258 g.</b> <b>1,297,510 g.</b>
Extract for inhalation sales volume MTD/FYTD units	Solid edibles sales volume MTD/FYTD units	Liquid edibles sales volume MTD/FYTD units	Topicals sales volume MTD/FYTD units
<b>86,825 units</b> <b>657,379 units</b>	<b>63,627 units</b> <b>557,285 units</b>	<b>15,986 units</b> <b>156,287 units</b>	<b>2,504 units</b> <b>21,101 units</b>



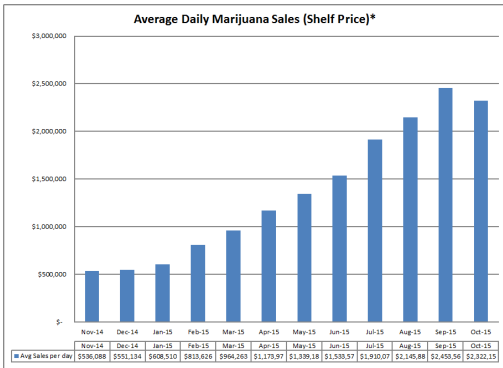
[View larger chart](#)



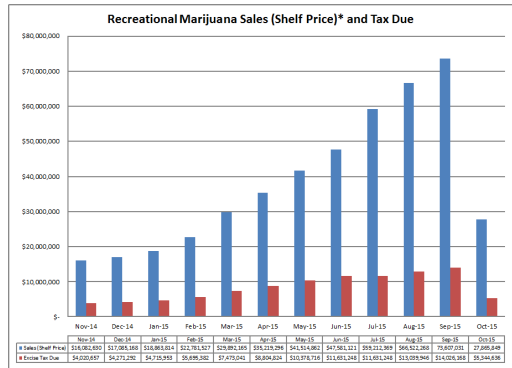
[View larger chart](#)

## Sales

Average daily sales WTD	Total sales* (shelf price) FY 2015	Total tax obligation FY 2015
<b>\$2,322,154</b>	<b>\$259,785,729</b>	<b>\$64,946,432</b>
	Total sales* (shelf price) FY 2016	Total tax obligation FY 2016
	<b>\$227,207,517</b>	<b>\$44,041,998</b>



[View larger chart](#)



[View larger chart](#)

## Compliance

Premise checks	Compliance checks MTD/FYTD	Violations issued
<b>Sept 2015 = 229</b> <b>FY 2016 = 694</b>	<b>Sept 2015 = 39</b> <b>FY 2016 = 119</b>	<b>Sept 2015 = 29</b> <b>FY 2016 = 102</b>

MTD = Month to date  
FY 2016 = Fiscal year 2016

FY 2015 = Fiscal year 2015  
WTD = Week to date

\*Shelf price = sales price + tax

**NOTE:** The board initially limited the opportunity to apply for a marijuana producer, processor and retail license to a thirty-day calendar window which began November 18, 2013 and ended December 18, 2013. Check the description below to see if the license type you wish to apply for is currently available.

## **Non-Retail Licenses**

### **Marijuana Producer Tier 1 Not Currently Available**

- \$266 Application Fee (Non-Refundable)
- \$1062 Annual Fee for Issuance and Renewal

To produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. Tier 1 allows for two thousand square feet or less of dedicated plant canopy.

*Any entity and/or principals within an entity are limited to no more than three marijuana producer licenses.*

### **Marijuana Producer Tier 2 Not Currently Available**

- \$266 Application Fee (Non-Refundable)
- \$1062 Annual Fee for Issuance and Renewal

To produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. Tier 2 allows for between two thousand square feet and ten thousand square feet of dedicated plant canopy.

*Any entity and/or principals within an entity are limited to no more than three marijuana producer licenses.*

### **Marijuana Producer Tier 3 Not Currently Available**

- \$266 Application Fee (Non-Refundable)
- \$1062 Annual Fee for Issuance and Renewal

To produce marijuana for sale at wholesale to marijuana processor licensees and to other marijuana producer licensees. Tier 3 allows for between ten thousand square feet and thirty thousand square feet of dedicated plant canopy.

*Any entity and/or principals within an entity are limited to no more than three marijuana producer licenses.*

## **Changes**

### **Marijuana License Change of Location \$75**

To close your present business and move to a new location.

### **Marijuana License Change of Ownership \$75**

To change the qualifying persons for a publicly or privately held corporation or in a limited liability company. A change in the qualifying persons for a sole proprietorship, general partnership, limited partnership, or limited liability partnership requires a new application.

**Change in Site and/or Operating Plan \$80**

To request physical alterations to your licensed premise, or to change your previously submitted operating plan.

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**Recreational Marijuana Taxes<sup>1</sup>**  
**Prepared by Department of Revenue**  
**Late Update<sup>2</sup>: September 17, 2015**

Month of Activity <sup>3</sup>	Taxable Retail Sales	State Retail Sales Tax Due	State Business & Occupation Tax Due <sup>4</sup>	Local Retail Sales Tax Due
Jul-2014	2,930,336	190,472	30,968	57,206
Aug-2014	5,785,832	376,079	48,763	125,421
Sep-2014	7,162,505	465,563	66,028	162,164
Oct-2014	9,329,374	606,409	85,036	207,270
Nov-2014	10,777,834	700,559	99,660	231,727
Dec-2014	13,753,947	894,007	105,084	296,225
Jan-2015	15,109,241	982,101	111,374	328,966
Feb-2015	17,433,152	1,133,155	126,900	385,244
Mar-2015	22,625,544	1,470,660	164,891	503,020
Apr-2015	26,141,845	1,699,220	194,329	585,203
May-2015	31,960,239	2,077,416	227,953	721,526
Jun-2015	34,547,993	2,245,620	254,938	791,246
<b>Fiscal Year 2015 Totals</b>	<b>197,557,842</b>	<b>12,841,260</b>	<b>1,515,924</b>	<b>4,395,217</b>
Jul-2015	32,398,647	2,105,912	267,927	759,377

<sup>1</sup>Includes taxes paid by producers, processors, and retailers. This excludes the marijuana excise tax which is collected and reported by the Liquor and Cannabis Board.

<sup>2</sup>Data in this report contains adjusted amounts as of this date. This includes adjusted data for the most current month, as well as any adjustments made to previous months.

<sup>3</sup>Month of Activity represents the month in which a producer and/or processor sold product to a retailer or a consumer purchased from a retailer.

<sup>4</sup>The retail sales tax and the state business and occupation tax (B&O tax) represent the major taxes paid by these taxpayers with other taxes being trivial.

**Medical Marijuana Taxes**  
**Prepared by Department of Revenue**

**THIS DATA DOES NOT INCLUDE RECREATIONAL MARIJUANA SALES**

**Last Update<sup>1</sup>: September 21, 2015**

**Count of Registered Retailers<sup>2</sup>: 479**

Month of Sales Activity <sup>3</sup>	Taxable Retail Sales	State Retail Sales Tax Due	State Business & Occupation Tax Due <sup>4</sup>	Local Retail Sales Tax Due
Jul-2014	7,358,687	478,315	39,070	198,554
Aug-2014	7,290,177	473,862	38,486	193,973
Sep-2014	8,439,732	781,192	70,804	452,032
Oct-2014	7,546,524	490,524	40,875	239,083
Nov-2014	7,396,543	480,776	40,002	194,190
Dec-2014	11,872,122	773,100	77,614	753,151
Jan-2015	9,242,682	600,775	51,044	244,657
Feb-2015	8,744,870	568,417	48,412	229,767
Mar-2015	9,780,789	807,037	70,264	320,840
Apr-2015	9,839,219	639,550	54,507	262,514
May-2015	9,979,678	648,679	55,230	266,604
Jun-2015	9,736,019	632,842	55,567	274,620
<b>FY 2015 Totals</b>	<b>107,227,042</b>	<b>7,375,068</b>	<b>641,876</b>	<b>3,629,986</b>
Jul-2015	6,477,701	421,051	55,801	172,686

<sup>1</sup>Data in this report contains adjusted amounts as of this date. This includes adjusted data for the most current month, as well as any adjustments made to previous months. These figures do not include assessments.

<sup>2</sup>This count represents those taxpayers who have been identified as medical marijuana sellers and who have reported retail sales, retail sales taxes, and other excise taxes. There may be other medical marijuana sellers who have also properly remitted excise taxes, but who have not been identified as such by the Department of Revenue.

<sup>3</sup>Month of Sales Activity represents the month in which a consumer purchased from a retailer.

<sup>4</sup>The retail sales tax and the state business and occupation tax (B&O tax) represent the major taxes paid by these taxpayers with other taxes being trivial.



# 2015

## [Tax-Rates.org – The 2015 Tax Resource](#)

### Alaska State Excise Taxes 2015 - Fuel, Cigarette, and Alcohol Taxes

**Gasoline:**  
8.00¢ per gallon

**Cigarettes:**  
\$2.00 per pack

**Liquor:**  
\$12.80 per gal

**Wine:**  
\$2.50 per gal

**Beer:**  
\$1.07 per gal

### What is an Excise Tax?

1. [What are Alaska's Excise Taxes?](#)
  1. [Alaska Per-Capita Excise Tax](#)
  2. [Who Pays Alaska Excise Taxes?](#)
2. [Alaska General Excise Taxes](#)
  1. [Alaska Gasoline Tax](#)
  2. [Alaska Cigarette Tax](#)
  3. [Alaska Cellphone Tax](#)
  4. [Other Alaska Excise Taxes](#)
3. [Alaska Alcohol Taxes](#)
  1. [Alaska Liquor Tax](#)
  2. [Alaska Beer Tax](#)
  3. [Alaska Wine Tax](#)

An **excise tax** is a tax directly levied on certain goods by a state or federal government. The most prominent excise taxes collected by the Alaska state government are the **fuel tax** on gasoline and the so-called "**sin tax**" collected on cigarettes and alcoholic beverages.

#### An excise tax is not the same thing as the Alaska Sales Tax.

The [Alaska Sales Tax](#) is collected as a percentage of the final purchase price of all qualifying sales, and is collected directly from the **end consumer** of the product.

Alaska's excise taxes, on the other hand, are flat per-unit taxes that must be paid directly to the Alaska government by the **merchant** before the goods can be sold. Merchants may be required to attach **tax stamps** to taxable merchandise to show that the excise tax was paid.

Even though excise taxes are collected from businesses, virtually all Alaska merchants **pass on the excise tax to the customer** through higher prices for the taxed goods.

#### Alaska per capita excise tax

Alaska collects an average of **\$474 in yearly excise taxes per capita**, higher than 54% of the other 50 states.

### Alaska General Excise Taxes - Gasoline, Cigarettes, and More

Alaska collects **general excise taxes** on the sale of motor fuel (gasoline and diesel), cigarettes (per pack), and cell phone service plans. Other general taxes, similar to excise taxes, may be collected on other items including **vehicle sales, transportation tickets, gas guzzlers, tanning salons, firearms**, and more.



#### Alaska Gas Tax

*50th highest gas tax*

The Alaska excise tax on gasoline is **8.00¢ per gallon**, one of the lowest gas taxes in the country. Alaska's excise tax on gasoline is ranked #50 out of the 50 states. The Alaska gas tax is included in the pump price at all gas stations in Alaska.



#### Alaska Cigarette Tax

*11th highest cigarette tax*

The Alaska excise tax on cigarettes is **\$2.00 per 20 cigarettes**, higher than 78% of the other 50 states. Alaska's excise tax on



cigarettes is ranked #11 out of the 50 states. The Alaska cigarette tax of \$2.00 is applied to every 20 cigarettes sold (the size of an average pack of cigarettes). If a pack contains more than 20 cigarettes, a higher excise tax will be collected.



#### Alaska Cellphone Tax

*42nd highest cellphone tax*

The average tax collected on cell phone plans in Alaska is **\$6.69 per phone service plan**, one of the lowest cellphone taxes in the country. Alaska's average cellphone tax is ranked #42 out of the 50 states. The Alaska cellphone tax is already included in the service plan price you pay to your service provider, and may be listed as "Misc. taxes and Fees" or "Other" on your monthly bill.



#### Alaska Car Tax

Alaska collects a **registration fee** and a **title fee** on the sale or transfer of cars and motorcycles, which are essentially renamed excise taxes. Unlike standard excise taxes, however, the end consumer must pay the tax directly to the Alaska Department of Transportation and receive documentation (registration and title papers) proving the fees were paid.

## Alaska Alcohol Excise Taxes - Liquor, Wine, and Beer

Alaska collects special excise taxes on the sale of all types of alcohol, subdivided into specific taxes on wine, beer, and liquor (hard alcohol other than wine and beer). Alcohol taxes are sometimes collectively referred to as "sin taxes", which also include excise taxes on cigarettes, gambling, drugs, and certain other items.

Please note that the IRS also collects a **federal excise taxes** on alcoholic beverages, which are included separately from Alaska's alcohol taxes in the final purchase price.



#### Alaska Beer Tax

*2nd highest beer tax*

The Alaska excise tax on beer is **\$1.07 per gallon**, one of the highest beer taxes in the country. Alaska's beer excise tax is ranked #2 out of the 50 states. The Alaska beer tax is already added to the purchase price of all beer bought in Alaska, whether in kegs, bottles, or cans.



#### Alaska Wine Tax

*2nd highest wine tax*

The Alaska excise tax on Wine is **\$2.50 per gallon**, one of the highest wine taxes in the country. Alaska's excise tax on wine is ranked #2 out of the 50 states. Current excise tax rates for wine, and other alcoholic beverages, were last changed in 2002 and can be found here: <http://www.tax.alaska.gov/programs/documentviewer/viewer.aspx?2> The Alaska wine tax is already added to the purchase price of all wine bought in Alaska.



#### Alaska Liquor Tax

*5th highest liquor tax*

The Alaska excise tax on liquor is **\$12.80 per gallon**, one of the highest liquor taxes in the country. Alaska's excise tax on Spirits is ranked #5 out of the 50 states. Alaska state taxes on hard alcohol vary based on alcohol content, place of production, size of container, and place purchased. The Alaska liquor tax applies to all hard alcohol (alcoholic beverages other than beer and wine), and is already included in the purchase price by the retailer.

## Alaska Excise Tax Deductions & Refunds

### Can I deduct my Alaska Excise taxes?

Unlike the [Alaska Sales Tax](#), excise taxes are not generally deductible on [Alaska income tax returns](#) or on your federal tax return. However, the IRS occasionally allows certain excise taxes to be deducted for certain tax years.

#### Vehicle Tax Deduction

Alaska sales and excise taxes on cars or vehicles bought during 2009 may be deducted once from your federal tax return. You cannot deduct excise taxes for vehicles bought during other years.

#### Phone Tax Deduction

You may deduct excise taxes paid on long-distance phone calls between the years of 2003 and 2006 from your federal tax return.

### Can I get a Alaska Excise Tax Refund?

While *sales tax refunds* are available for goods that are purchased in Alaska and exported, Alaska excise taxes paid on goods are generally **non-refundable**. Incentives may exist allowing certain state of federal excise taxes to be refunded on goods bought for specific uses, but such incentives change frequently.

## Chapter 9.04 TAXATION – GENERALLY

### Sections:

- [9.04.030](#) Real and personal property tax – Liability, assessment and collection.
- [9.04.040](#) Annual tax levy.
- [9.04.042](#) Annual tax levy – Registered watercraft.
- [9.04.046](#) Real and personal property tax – Exemptions.
- [9.04.048](#) Real property tax – Exemption for volunteer fire fighters and providers of emergency medical services.
- [9.04.050](#) Business dealings with violators of tax code.

Prior legislation: Ords. 5-310.4, 72-3, 76-8 and 90-15; Code 1967 § 13A-100.

### **9.04.030 Real and personal property tax – Liability, assessment and collection.**

- a. All real and personal property located within the corporate limits of the City which is not exempt from taxation by State law or City Code is subject to and liable for an annual tax for City purposes.
- b. The Kenai Peninsula Borough shall assess and collect the taxes levied by the City in accordance with AS [29.35.170](#), AS [29.45](#) and Chapter [5.12](#) KPBC. [Ord. [90-28](#) § 2, 1990].

### **9.04.040 Annual tax levy.**

By June 15th of each year the City Council shall establish, by budget ordinance or resolution, the annual property tax levy rate and notify the Kenai Peninsula Borough Assembly of said rate. [Ord. [06-45](#) § 1, 2006; Ord. [90-28](#) § 3, 1990].

### **9.04.042 Annual tax levy – Registered watercraft.**

- a. Except as provided below, for purposes of taxation, watercraft for which the USCG certificate of number, U.S. or foreign documentation or registration document, Alaska Division of Motor Vehicles registration number, or the Alaska Department of Fish and Game number has been issued, or other watercraft subject to a tax, shall be totally exempted from ad valorem taxes, and shall be taxed in accordance with the following flat tax schedule. Watercraft shall be measured according to length overall.

#### Watercraft Flat Tax Schedule

Class	Watercraft Length Overall	Annual Tax
1	less than 15 feet	\$0
2	15 to less than 20 feet	\$0
3	20 to less than 25 feet	\$10.00
4	25 to less than 36 feet	\$30.00
5	36 to less than 60 feet	\$50.00
6	60 to less than 100 feet	\$100.00
7	100 feet or more	\$200.00

- b. Watercraft for which all certificates of number, registration, or documentation, or other form of maritime licensing or registration and the Alaska Department of Fish and Game number, if applicable, have been surrendered to the

issuing authority by January 1st of the tax year shall be taxed on an ad valorem basis. Vessels for which such registration or licensing has lapsed but has not been surrendered shall not qualify for ad valorem taxation.

c. A vessel owner may appeal the determination of the Borough Assessor under this section, using the procedures set out in KPBC 5.12.050 through 5.12.060. [Ord. [01-53\(S\)](#), 2001; Ord. [98-3\(A\)](#) § 1, 1998].

#### **9.04.046 Real and personal property tax – Exemptions.**

---

a. The following property is exempt from the real and personal property tax imposed by this chapter:

1. The first \$100,000 of assessed valuation of personal property, other than motor vehicles and watercraft, owned by each taxpayer; for taxpayers with more than one personal property tax account, this exemption shall be distributed pro rata among all of the taxpayer's accounts based on the proportion of the assessed value in each account to the total assessed value of that taxpayer's personal property;
2. Motor vehicles that are subject to a motor vehicle registration tax imposed by Chapter [5.12](#) KPBC, and as the same may be thereafter amended, revised, or replaced.

b. The first \$20,000 of assessed valuation of a single parcel of residential real property owned and occupied by the owner of record as the owner's permanent place of residence in the City shall be exempt from the City tax levy on real property within the City of Homer. The Borough Assessor's determination of whether property in the City qualifies for the Borough exemption under KPBC 5.12.115 shall be determinative of whether the property qualifies for the exemption under this subsection.

c. Property of an organization not organized for business or profit-making purposes and used exclusively for community purposes is exempt from taxation under this chapter. Property or a part of the property from which rentals or income is derived is not exempt from taxation unless the income derived from the rentals does not exceed the actual cost to the owner of the use by the renter. The Borough Assessor's determination of whether property in the City qualifies for the Borough exemption under KPBC 5.12.100 shall be determinative of whether the property qualifies for the exemption under this subsection.

d. This section shall be applied and construed to effectuate its general purpose to make uniform the laws of the City and the Kenai Peninsula Borough with respect to the exemptions granted by this section. [Ord. [08-49](#) § 1, 2008; Ord. [06-59](#) § 1, 2007; Ord. [01-53\(S\)](#), 2001; Ord. [98-3\(A\)](#) § 1, 1998].

#### **9.04.048 Real property tax – Exemption for volunteer fire fighters and providers of emergency medical services.**

---

a. The amount of \$10,000 of the assessed value of real property owned and occupied as a permanent place of abode by a resident who provides volunteer fire fighting services or volunteer emergency medical services in the City is exempt from the real property tax imposed by this chapter.

b. To qualify for this exemption, a person must be certified as current and active volunteer of the Homer Volunteer Fire Department by the Fire Chief, and (1) if providing volunteer fire fighting services, be certified as a fire fighter by the Alaska Department of Public Safety, or (2) if providing volunteer emergency medical services, be certified under AS [18.08.082](#).

c. If two or more individuals are eligible for an exemption for the same property, not more than two exemptions may be granted.

d. No exemption under this section may be granted except upon written application on a form prescribed by the Kenai Peninsula Borough Assessor. The application must be filed with the Kenai Peninsula Borough Assessor no later than January 15th of the tax year for which the exemption is sought.

e. For purposes of this section, the terms “real property,” “own and occupy,” and “permanent place of abode” have the meanings given to them in KPBC 5.12.105(F).

f. For purposes of this section, the term “resident” means a person who has a permanent place of abode in the City, and who, when absent, intends to return to the City. [Ord. [02-32](#), 2002].

#### **9.04.050 Business dealings with violators of tax code.**

---

a. No contract, lease or license shall be awarded to any person who is in violation of the Kenai Peninsula Borough Code or the Homer City Code in the several areas of taxation, unless the City shall offset or withhold amounts owing to a person under a contract, lease or license between the City and the person against amounts owed by the person for delinquent Borough or City taxes, and may pay such amounts to the appropriate taxing authority.

b. Any contract, lease or license can be terminated for cause if the person is in violation of the Kenai Peninsula Borough Code or the Homer City Code in the several areas of taxation and if such violation is not remedied within 10 days of notification by regular mail.

c. For the purposes of this section, a person shall be deemed in violation of the Borough or City tax provisions when:

1. The Kenai Peninsula Borough has indicated that a required sales tax return is missing or there is a balance of sales taxes due of more than \$100.00; or
2. A person who is required to register for collection of sales taxes under Chapter 5.18 of the Kenai Peninsula Borough fails to register. [Ord. [92-11\(A\)](#) § 1, 1992].

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#### **The Homer City Code is current through Ordinance 15-34, passed September 28, 2015.**

Disclaimer: The City Clerk's Office has the official version of the Homer City Code. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.

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## City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

Office of the City Clerk

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Homer, Alaska 99603

[clerk@cityofhomer-ak.gov](mailto:clerk@cityofhomer-ak.gov)

(p) 907-235-3130

(f) 907-235-3143

## MEMORANDUM

TO: CANNABIS ADVISORY COMMISSION

FROM: RENEE KRAUSE, CMC, DEPUTY CITY CLERK

DATE: OCTOBER 15, 2015

SUBJECT: NEXT MEETING DELIVERABLES AND AGENDA ITEMS

---

Please discuss and request from Staff what you would like to have on the agenda for the next meeting for discussion or action by the Commission.

Please note that the November meeting will be conducted in the upstairs meeting room due to a Special Election being conducted the following day.

Recommendation  
Informational In Nature. No Action Required.





**2015 MEETINGS**  
**CANNABIS ADVISORY COMMISSION**

Following are the regular meeting dates established for the Commission. All meetings will be in Council Chambers unless otherwise noted and start at 5:30 p.m.

<b><u>Meeting Date</u></b>	<b><u>Packet Deadline</u></b>
June 25, 2015	June 17 <sup>th</sup>
July 23, 2015	July 15 <sup>th</sup>
August 27, 2015	August 19 <sup>th</sup>
September 24, 2015	September 16 <sup>th</sup>
October 22, 2015	October 14 <sup>th</sup>
November 30, 2015	November 24 <sup>th</sup>
December 17, 2015	December 9 <sup>th</sup>

If a commissioner wishes to add an item on the agenda that would be relevant to the discussion/action of the commission please submit or drop off at the Clerk's Office no later than Noon on the packet deadline date.

Commissioners may email requests for information or materials that they would like in the packet to the clerk, Renee Krause at [rkrause@ci.homer.ak.us](mailto:rkrause@ci.homer.ak.us) or staff, Rick Abboud at [rabboud@ci.homer.ak.us](mailto:rabboud@ci.homer.ak.us).

The Clerk will email a draft agenda to the Chair and Staff no later than 4:00 p.m. on the packet deadline day. The Chair and Staff are requested to return the approved agenda with any additions and corrections to the Clerk no later than 10:00 a.m. the following day so that the meeting packet can be produced and available for distribution no later than 3 p.m.

**2015 HOMER CITY COUNCIL MEETINGS**  
**CANNABIS ADVISORY COMMISSION ATTENDANCE**

It is the goals of the Commission to have a member speak regularly to the City Council at council meetings. There is a special place on the council's agenda specifically for this. After Council approves the consent agenda and any scheduled visitors it is then time for staff reports, commission reports and borough reports. That is when you would stand and be recognized by the Mayor to approach and give a brief report on what the Commission is currently addressing, projects, events, etc. **A commissioner is scheduled to speak and has a choice at which council meeting they will attend. It is only required to attend one meeting during the month that you are assigned.** However, if your schedule permits please feel free to attend both meetings. Remember you cannot be heard if you do not speak.

The following Meeting Dates for City Council for 2015 is as follows:

June 15, 29 2015	<u>Commissioner Jones</u>
July 27, 2015	_____
August 10, 2015	<u>Commissioner Robl</u>
September 14, 2015	<u>Commissioner Stead</u>
October 12, 2015	<u>Commissioner Monroe</u>
November 23, 2015	_____
December 14, 2015	<u>Commissioner Sarno</u>

Please review and if you will be unable to make the meeting you are tentatively scheduled for please Notify the Chair who may contact another commissioner or attend the meeting.



# City of Homer

[www.cityofhomer-ak.gov](http://www.cityofhomer-ak.gov)

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## MEMORANDUM

TO: MAYOR WYTHE AND CITY COUNCIL

FROM: CANNABIS ADVISORY COMMISSION

DATE: OCTOBER 7, 2015

SUBJECT: RECOMMENDATIONS AND QUESTIONS TO SUBMIT TO THE STATE OF ALASKA  
MARIJUANA CONTROL BOARD REGARDING PROPOSED REGULATIONS

---

The Cannabis Advisory Commission at the regular meeting on September 24, 2015 reviewed and discussed the proposed state regulations and at the recommendation of the City Attorney made the following recommendations to be submitted in the form of a question to the State of Alaska Marijuana Control Board. Following is the excerpt of the meeting minutes regarding the discussion and recommendations:

### REPORTS

A. Holly Wells, City Attorney (via telephonic participation)

1. Memorandum: Proposed Comments and Questions Regarding State of Alaska Marijuana Regulations

- Exhibit A: Moving at a Snail's Pace
- Exhibit B: Three Sets of Proposed Marijuana Regulations
- Exhibit C: Marijuana Control Board Public Comments, Questions & Answers
- Exhibit D: Regulation of Marijuana Industry 3 AAC 306 Table of Contents

City Atty Wells spoke on her review of the proposed regulations and speaking with the Marijuana Control Board it would behoove the CAC is to think about all comments be put into question format such as "We are looking for a definition of a brokerage facility, but phrase it as, "Where are the definitions of a brokerage facility" City Attorney Wells felt that it will offer a better chance of a response from the Marijuana Control Board. Her firm is working on the questions on behalf of all communities.

Commissioner Monroe inquired if they were to devise their comments at this time?

City Attorney Wells responded that if the Commissioners will craft their comments/questions and Deputy City Clerk can submit them to her she can have them included in the Resolution that she will draft and present to Council for the October 12th Council meeting and then recommended that a representative, which she would like to attend, the Public Meeting of the Marijuana Control Board.

City Attorney Wells continued that by attending the last meeting will offer an opportunity to engage the Marijuana Control Board in person.

BURGESS/MONROE - MOVED TO INCLUDE IN THE RESOLUTION THE RECOMMENDATION THAT A REPRESENTATIVE OF THE CITY BE PRESENT AT THE ORAL HEARING.

There was a discussion on who the representative should be and clarified that it would be the City Attorney Wells or appointed representative of the firm but as worded allows the Council to determine another representative if they so choose.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

City Attorney Wells requested the record show the most precise intent of the commission, she requested the Commission to address zoning related issues at this meeting and then she can have a draft ordinance for the next meeting.

City Planner Abboud responded that he has provided materials in a laydown for tonight for general recommendations to begin running them through the Planning Commission to discuss any special requirements, hold a Public Hearing, bring back to this body then present to Council for final approval until the State has made up its mind.

City Attorney Wells agreed and commented on the ability of a community effectively prohibiting certain aspects of marijuana industry within their community through zoning. She would really like to have this body start tonight to consider which areas of the city are they going to open up to what component of the marijuana industry. She will draft an ordinance for presentation to the Planning Commission as a starting point.

City Planner Abboud replied that he requires some insight into cultivation and how that would affect some of the districts; most of the other districts such as the industrial districts this type of stuff is allowed; commercial districts we need to take a closer look at and it may require a Conditional Use Permit (CUP) but he did not think there would be any stricter restrictions than the state is proposing.

City Attorney Wells responded but do to interference the Clerk could not transcribe her response.

Commissioner Burgess requested clarification on page 13 of the packet, item 3 AAC 306.900 regarding the City's position on marijuana clubs, he stated that they are in a unique position, people will be coming to Homer under Cannatourism and the City will lose any revenue aspects.

City Attorney Wells responded that if Homer wants to take the position as the City under the recommendation of the CAC, that revenue raising sources are important to the City including the marijuana industry and that the marijuana tourism industry is an important component of that therefore they find this provision very restrictive. Previously, early in the process, she would not have supported a comment on this issue. However, here you are saying what laws are needed to be implemented to capitalize on the industry and support the industry in Homer. City Attorney then added that when the Commission has a comment that is more policy loaded make sure that she understands what they understand and if Council does not approve the commission's recommendation it is still the beginning of sculpting your intent and position on the industry and your goals.

Commissioner Lewis stated that Denver, Colorado did not allow clubs but now they are talking about it since they have issued over 1000 citations for smoking in public and he questioned structuring a question that will address the issue since the City will not have the law enforcement resources to provide the enforcement necessary. We are already down a couple of officers and with everything else the city will want to use the resources they do have for more priority related efforts.

City Attorney Wells replied that it was an excellent argument and they can point to the priorities of the Federal Government. It can be argued that they are being very deliberate in what local regulations they adopt so they can enforce what regulations they establish and are in compliance with these priorities. This prohibition of clubs puts the municipality into a position that we may be unable to enforce these provisions due to the lack of resources. This regulation does not affect any of the other listed priorities.

Commissioner Burgess opined that there would be no apprehension on the Council level on supporting what the Commission submits as policy recommendation for the Council's approval. He believed that they did not need to worry about the bureaucracy.

BURGESS/MONROE - MOVED THAT THE CITY ATTORNEY INCLUDE IN THE RESOLUTION THE RECOMMENDATION TO ALLOW CLUBS FOR THE REASONS STATED PREVIOUSLY.

City Attorney Wells also stated that it may be helpful if the Commission produce a statement that Council can approve in that basically expresses the city's intent; such as "the City of Homer, Alaska, supports the Marijuana Industry equal to and in the same manner as any other industry development within the city limits with the understanding that there are limitations based upon Federal law. Additionally the City of Homer recognizing that the industry is unlawful under Federal law but permitted under Alaska Law it will be promoted and regulated respective of the industry. City Attorney Wells indicated that a statement will present a unified presence to the State. This will provide some flexibility at the oral hearing to answer questions, fill in or expand upon the comments keeping in mind the position of the city.

Commissioner Burgess believed that as a commission they may make that statement but wanted to address his motion regarding clubs.

There was a brief discussion on the purpose of the motion was to allow the city attorney to include in the resolution that the commission would like to address the issue of where people can utilize the product stating that there is safety, enforcement, and economic implications and allowing the city attorney some brevity of expansion in that area. It was noted that at some time in the future the commission may want to issue a statement of support as recommended by the city attorney.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Commissioner Burgess then asked about the zoning component, he wanted to follow the Drug Free zone, because the incongruities he would like the city attorney to include as many angles as possible since what the state is proposing really ties the municipality's hands with regard to limiting the areas where it could be allowed. The City attorney will look into that.

Commissioner Harris questioned if the regulations proposed included church properties that may be owned outside of where services may be conducted. City Attorney Wells believed it was broader than that but did not have the specific answer and would look into in and send an email to the Clerk who could forward the information to the Commission.

City Planner Abboud responded that it was to be a place where religious services are regularly conducted. Commissioner Monroe agreed with that statement.

Commissioner Lewis inquired if someone held services regularly in their home, school or space in a commercial district would the regulation be applied. City Attorney Wells responded that this was the exact scenario that she wanted to address. This broad interpretation limits or restricts the community.

City Attorney Wells inquired if there were any other questions for her. She will be available if they need her later in the meeting.

The Commission expressed confidence in their Clerk being able to get their motions and recommendations succinctly.

Commissioner Burgess encouraged the commission to voice the concerns and allow the attorney to put this into a question.

The commission discussed the number of licenses a person or entity could have; the types of licenses various entities are allowed to possess; if it was a restraint of trade regarding the resident requirement and that they are using the PFD residency requirement/qualifications; this has been argued before the Board by several attorneys and they will not budge on this requirement.

Commissioner Monroe provided a few scenarios before the Board and it was shot down within five minutes of discussion. He further added that the Cole Memorandum does not even address recreational marijuana only medical marijuana.

BURGESS/ MOVED TO INCLUDE IN THE DRAFT RESOLUTION TO GO BEFORE COUNCIL, 3 AAC 306.310 (c)(3) (B) OFFER OR DELIVER TO A CONSUMER AS A MARKETING PROMOTION OR FOR ANY OTHER REASON: MARIJUANA OR MARIJUANA PRODUCT AT A PRICE BELOW THE MARIJUANA RETAIL STORE'S ACQUISITION COST

Commissioner Monroe stated that this has been struck from the regulations within the past 5 or 6 days it was one of the two things that had changed.

Commissioner Burgess removed his motion from the table for consideration.

Commissioner Lewis inquired if they wanted to question that the handler permit be available online and payable by credit card.

LEWIS/BURGESS – MOVED TO REQUEST CLARIFICATION ON THE HANDLER PERMIT PROCESS, IF THIS WILL BE AVAILABLE ELECTRONICALLY INCLUDING THE PROCESS ON HOW A PRIVATE ENTITY CAN BECOME AUTHORIZED TO ISSUE PERMITS SIMILAR TO OTHER PROFESSIONAL JOB CLASSIFICATIONS.

A discussion on the intent of the motion was to make applications for a Handler Permit as accessible as possible in areas that may not have physical training opportunities available and that there be a prescribed process on how to be a teacher or certifier to get a handlers permit. It was noted that due to the geographic nature of the state it is imperative that the certification and payment be available electronically. Further comment on the economic impact to a municipality to have clear direction and process for private industries to offer these courses as soon as possible so that businesses can be ready as soon as license applications can be accepted. Additional discussion on what Colorado and Washington currently require and have in place ensued.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Commissioner Harris wanted to ask how the State will provide the classes in order to get the permits. She was unsure how to frame that in a better question.

Commissioner Burgess responded that the Clerk will have captured the discussion in the last motion which carried that request regarding the process of establishing a system.

Chair Young expressed concern on the regulation 3 AAC 306.020(2) the name, mailing address, phone number and social security number of the applicant and each family member and affiliate of the applicant. Chair Young expressed that this seemed excessive.

Speculation ensued on the requirement of family member's personal information, the requirement was noted to be more restrictive than trying to obtain and Department of Defense contract, it was noted that a change was made that the personal information of any dependent children was not required. Further comment was made that for each member, shareholder, or anybody with any interest is a licensee and must provide their fingerprints and information, there must be a divestiture clause because if one licensee moves out of state then the entity can lose their license.

Commissioner Harris read from Exhibit B, Questions and Answers provided by the Marijuana Control Board, page 159 of the packet, top of the page, Answer to 3-7 Regarding strictness: requirements concerning the identification of all interested parties in a license is related to the unique status of this substance. See answer to Questions 1-2 above and specifically those priorities in the Cole memo that require that state regulations clearly address prevention of revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels and prevention of state authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity. The proposed regulations are modeled after the type of financial background investigations that appear to have satisfied the federal priorities in other states and which is contemplated by the Alaska legislature in AS 17.38.084 which mandates disclosure of financial interests.

Commissioner Harris then referenced the Question 1 and 2 on page 156 of the packet regarding the restrictive nature and asking if this was similar to other state licensing requirements commenting that to her they are not answering the question and do not plan to and want control.

BURGESS/LEWIS - MOVED TO INCLUDE IN THE RESOLUTION INCLUSION OF LEADING QUESTIONS OR AN OUTRIGHT OBJECTION TO REQUIRING PROPRIETARY OR OVERLY BEARING PERSONAL INFORMATION OF ANY PERSONS NOT A SHAREHOLDER, APPLICANT OR REPRESENTATIVE OF THE CORPORATION.

Discussion and comments from the commission were that the requirement of every family member was overly excessive, controlling and draconian ensued and that a clarification of affiliate be requested.

YOUNG/LEWIS – MOVED TO AMEND THE MOTION TO INCLUDE A REQUEST FOR A DEFINITION OF AFFILIATE AS USED IN 3 AAC 306.020.

There was a brief discussion on this applying within the sense of business in that sense.

VOTE (AMENDMENT). YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Chair Young called for additional discussion.

Commissioner Harris noted that within the same Question and Answer document she recalled reading a question on the security of proprietary information and the State responding that it has been able to collect and keep that type of proprietary information secured without incident.

Chair Young called for approval of the motion as amended.

VOTE.(MAIN) YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Chair Young inquired if there were any additional recommendations.

Commissioner Burgess inquired if anyone else had issue with the restriction that if you have an interest in a testing facility you cannot have an interest in any other facility. He can understand a restriction that you could not test the product of an affiliate facility. He provided an example as such that if you test the proof of alcohol you cannot have an interest in a brewery.

Commissioner Monroe stated he could not remember the exact discussion on this subject but stated that for the most part it could be circumvented within the corporate structure for practical purposes.

Commissioner Burgess read from the proposed regulations under 3 AAC 306.400 (c) A licensee of any marijuana cultivation facility, or an employee or agent of a marijuana product manufacturing facility, may not have an ownership interest in, or a direct or indirect financial interest in any licensed marijuana testing facility; which he interpreted that to include shareholders of either.

Commissioner Harris could understand the restriction with regards to testing a product and giving a false positive and maybe they should they ask for direction from the City Attorney.

Chair Young inquired if anyone would like to make a motion at this time.

Commissioner Burgess stated he had additional questions regarding the requirement under 3 AAC 306.410 Limited marijuana cultivation facility license; privileges and prohibited acts. Item (b)(3) sell directly to a consumer or to any marijuana establishment that does not hold a marijuana cultivation broker facility license, his interpretation of this regulation is that a middleman is required. This limits the limited cultivation facility to selling their product to a broker, they cannot sell directly to a retail facility.

Commissioner Harris commented that she read, could not remember what page, but that brokers would be able to contract with testing facilities. To her that the regulations are so tight creating an arena that limits the overall number of participants. The full size cultivators will be able to contract with the brokers because currently they do not know what the broker regulations will be yet, but if they contract with the brokers they will literally be able to push the small cultivators out.

Commissioner Burgess agreed stating that was a major concern and put forward the following motion:

BURGESS/LEWIS - MOVED THAT THE CITY ATTORNEY INCLUDE IN THE DRAFT RESOLUTION THE QUESTION OR OBJECTION IF NECESSARY, WHY IS IT NECESSARY TO LIMIT THE ABILITY OF LIMITED CULTIVATION FACILITIES TO SELLING DIRECTLY TO RETAIL OR MANUFACTURING ESTABLISHMENTS.



Discussion included points that this restriction inherently limits small business opportunities, is poor business practices; there are no well-founded public safety reasons, restriction based on issues regarding the excise taxes; the activities of the limited growers; brokers are basically performing the secretarial/bookkeeping responsibilities; regulations need to allow for small full grow operations under 500 feet or allow small scale access to retail or manufacturing facility.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

BURGESS/MONROE - MOVED TO ELIMINATE ANY REFERENCE TO CHURCHES OR RELIGIOUS ENTITY FROM THE DRAFT REGULATIONS.

There was a brief discussion on the inclusion of churches in the regulations goes against the separation of church and state; there are already avenues that any non-profit or church may register with the board to receive notice and can submit objection on any location or application; this allows the city to not be discriminatory based on an entity having a religious affiliation.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.





