



## MEMORANDUM

**TO:** The Marijuana Control Board

**DATE:** December 7, 2022

**FROM:** Joan M. Wilson, Director

**RE:** Director's Report

### **Introduction**

This report details AMCO activities from the last meeting of the Marijuana Control Board (September 21-22, 2022) to the present.

### **Staff Updates**

Carrie Craig will be introducing the Board to AMCO staff during her report. Staff updates are as follows:

Jane Sawyer continues to serve as the Acting Program Coordinator I for AMCO. We have completed recruitment for this full-time position and hope to make the announcement of the employee at the upcoming meeting.

AMCO has completed its recruitment for Local Government Specialist. A candidate is selected and will start in January 2023.

AMCO has hired Christel Brito as licensing examiner and Sam Carrell as AMCO's newest administrative assistant. Its second administrative assistant is selected, and she will start soon. Interviews for the vacant licensing examiner position occur this week. We will report on the results of those interviews at the upcoming meeting.

### **Online Licensing System Request for Proposals**

As of this writing AMCO's request for proposal for an online licensing and enforcement case management system is open. As of this writing, AMCO held its Pre-Proposal Teleconference. It will receive demonstration from the top three vendors in the close of December and will choose a

vendor in January 2023 with work to begin February 2023. Both the Chair for the Marijuana Control Board and the Alcoholic Beverage Control Board are on the vendor evaluation committee. Roll out of the licensing program will begin with the alcoholic beverage licensees to meet some of the initial deadlines under the rewrite of Title 4 (the Alaska Statute governing alcoholic beverage licensees), but the licensing system will be designed to benefit marijuana licensees as well. This is an exciting time from AMCO and, we hope, all licensees.

The request for proposal can be found [here](#).

### **Licensing Queue**

Ms. Craig will address the status of the marijuana licensing queue and renewals in her report. Ms. Sawyer will speak to ongoing efforts to reduce the length of the marijuana queue and some new challenges (but surmountable) AMCO is discovering.

### **Credit Card Payment of Licensing and Permitting Fees at AMCO**

AMCO's Administrative Officer Maya Ali will update this Board on our office's new ability to accept payments by credit/debit card. We believe this is good news for licensees and we welcome hearing from them on its successful implementation.

### **Review of Program Receipts and Projections for 2024 and 2025**

Board Chair Miller, Department of Commerce Acting Director Hannah Lager, Maya Ali, and I have met to discuss projected revenue from marijuana licensing, application, and permitting fees. Chair Miller has requested a longer session to update the board on this matter and hopes to schedule a special meeting with the board on this topic at a later date. Initial documentation to inform that discussion is included in the board packet. Ms. Ali and Ms. Lager will be available for that longer discussion, which will discuss whether and when licensing fees may be reduced or what new efforts AMCO can undertake to better serve the industry, public health, and public safety. This is intended to be robust discussion.

### **Legislative Initiatives**

On November 7, 2022, Governor Dunleavy announced appointees to the Governor's Marijuana Task Force, which was created under Administrative Order 339 to review the current marijuana tax structure, the hemp dilemma, and statutory requirements applicable to marijuana licensees.

The Task Force consists of 13 voting members. In addition to representatives from the Department of Commerce, the Department of Revenue, and the Department of Natural Resources, appointees include:

- Aaron Staissney (Licensed Marijuana Operator)
- Sam Hachey (Licensed Marijuana Operator)
- Gary Evans (Licensed Marijuana Operator)
- Brandon Emmett (Licensed Marijuana/Concentrate)

- Ryan Tunseth (Licensed Marijuana Retailer)
- Frank Malone (Limited Licensed Marijuana Cultivator)
- Leif Abel (Standard Licensed Marijuana Cultivator)
- Nick Miller (Member on the AK Marijuana Control Board)
- Jana Weltzin (Public Member)
- David Pruhs (Rep for City, Borough, Or Muni)

Brandon Emmett serves as Chair. Jana Weltzin serves as Vice Chair. The Taskforce has met four times and will continue to meet with frequency to meet the required reporting deadline. AMCO has retained an outside vendor to provide administrative, logistical, and analytical support to the Taskforce. The Taskforce's recommendations are due to the Governor in advance of the legislative session on January 13, 2022. Taskforce members are working diligently to meet the reporting due date.

### **Regulatory Initiatives**

AMCO held its second listening session with licensees on Article 7 regulations (regulations applicable to all licensees). Without endorsing these regulations or opening a regulations project (which this Board alone has authority to do) attached to this report are revisions to Article 7 and related sections particular to license types that would implement the suggestions from industry participants. During the regulations portion of the agenda, the Board can discuss whether to open projects and whether to send any portion of these drafts out for public comment.

On a broader level, the Department of Law is taking an extensive period of time in its review of regulations this board has adopted, particularly its enforcement regulations and transfer of location regulations. Following a report from the Department of Law, I may be requesting a motion or correspondence from the Board requesting the Department of Law to explain the delay and/or take action to move regulations to the Lieutenant Governor's office for adoption.

### **Economic Trends**

Please see the attached December 2022 edition of Alaska Economic Trends, which focuses on the cannabis industry.

### **Enforcement**

Chief Hoelscher will provide this report. A primary concern he will address is the safety of licensees in the wake of recent criminal activity. Based on that discussion, the Board might consider revisiting its security-based regulations to determine their sufficiency. AMCO Enforcement will also review break-in trends, as other states have done, to determine if there is a particular modality of criminal activity that can be mitigated with additional safety measures.

Based on one enforcement action, I would like to discuss uniform approaches to testing arsenic levels in ground water, how this may impact licensees, and how it impacts the safety of marijuana and marijuana products.

### **Cannabinoid Hemp Products, Particularly Impairing Delta 9 Products**

Please again see the attached letter to Governor Dunleavy on agency response to highly intoxicating Delta 9 hemp products entering into the Alaska marketplace. In the wake of lack of implementation of the short-term solution from the Department of Natural Resources (for reasons that may or may not be in its control), we are likely ready for AMCO to issue a cease and desist order to prohibit the sale of high delta-9 THC impairing hemp products in Alaska. Should the Board move to approve this action, I will work with the Department of Law to ensure its legal accuracy and to the Department of Natural Resources to fund AMCO's enforcement efforts beyond licensed retail stores.

### **CANNRA Conference**

As I write this Director's report, Board Member Muse and I are attending the national conference of the Cannabis Regulators Association. Topics discussed include:

- Structural Factors in Markets
- Cannabinoid Hemp: Updates from State Task Forces & State Policy\* (initial conclusion: the lack of immediacy from other states mirrors ours, was apparent, and is frustrating)
- Metric Workgroup (for regulators)
- Legal Issues in Cannabis Regulation
- Using Data to Inform Regulations: Dashboards, Public Data, and Data Analytics
- Cannabis Delivery: Implementing, Monitoring, and Compliance Considerations
- Public Education, Communication, and Stakeholder Engagement: Updates from States (MCB Member Muse was a presenter)
- The Future of Social Clubs & Onsite Consumption: Considerations & Lessons Learned (MCB Member Muse was a presenter)
- Dealing With Violations and Sanctions: When and why do we cancel licenses?
- Standards in Lab Testing & Product Safety: Evaluating Current Approaches
- Federal Policy Updates and Potential Impacts on State Priorities
- Best Practices for Field Surveys & Inspections: Compliance, Youth Decoy Operations, and More
- Finance, Tax, Capital & Insurance
- Canadian Cannabis Rules and Regulation
- A Case Study from Vermont: Building Out Environmentally Sustainable Regulations
- Approaches to Legacy Markets, Co-Ops, and Home Grow in Regulated Markets
- High Concentration THC Products: Policy Approaches States Are Taking, Debating, and Rejecting

I am happy to update the board on any particular session I attended. This is a good time to reiterate the importance particularly of attending this conference. Most states send a number of representatives. As such, networking is nearly as important as education. It is my hope to utilize some unspent funding based on our vacancy rates to send more AMCO employees to CANNRA's

next national meeting in May. Based on Board Member Muse's attendance, we should also discuss the benefits of having a board member join us as well.

### **Calendar 2023 Smart Goals for the Director**

AMCO staff and management regularly meet to set benchmarks for success. I have a number of goals for 2023, but it is vital to align these with Board priorities. Time allowing, I hope we can discuss these benchmarks and other deliverables Board members would like to see come to fruition in the 2023 calendar year

- Impairing Hemp Cannabinoids: Full Regulation of Their Sale and Taxing Measures for the Same
- Supporting the legislative priorities of the Governor and the Advisory Taskforce on Recreational Marijuana
- Maintaining a Healthy Workplace: Reducing Vacancy Rates and Increasing Retention; Methods and Means
  - Budgeted 1/2 positions
  - Licensing Examiner 2
  - Hiring of Additional Investigator
- Continued Reduction of the Time to Review and Present Licensing Applications to the Board
- Implementation of Enforcement Regulations: Education and Discretion
- Continued Listening Sessions with Licensees and the Public: Fostering a Responsive Government
- Working with the Division of Banking and Securities to expand banking opportunities for licensees
- Identifying and Resolving Public Health and Public Safety Priorities, including:
  - Implementation of a Minor Compliance Check Program
  - Built Out of Data Analytics Program Utilizing Metrc
  - Heavy Metals and Pesticide Testing: Implementing a Resolution
  - Protecting Licensees and Their Workforce: Security Measure Review

I welcome discussion and endorsement of these and other benchmarks as well as metrics for measuring achievement of the same.

### **Conclusion and Next Meeting**

The next regularly scheduled meeting of the Marijuana Control Board meeting is March 8-9, 2023, in Fairbanks, Alaska. With direction from the Chair, we will also schedule a special meeting to review licensing and permitting fees and budget projections.

(Words in boldface and underlined indicate language being added; words [CAPITALIZED AND BRACKETED] indicate language being deleted.)

3 AAC 306.305(a) is amended to read:

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

(1) sell marijuana purchased from a licensed marijuana cultivation facility, packaged and labeled as required under 3 AAC 306.345, 3 AAC 306.470, and 3 AAC 306.475 in an amount not exceeding the limit set out in 3 AAC 306.355, to an individual on the licensed premises or as permitted under 3 AAC 306.995 for consumption off the licensed premises;

**(2) reject or revoke marijuana purchased from a licensed marijuana cultivation facility;**

**(3)**[(2)] sell a marijuana product purchased from a licensed marijuana product manufacturing facility, packaged and labeled as required under 3 AAC 306.345, 3 AAC 306.565, and 3 AAC 306.570, in a quantity not exceeding the limit set out in 3 AAC 306.355, to an individual on the licensed premises or as permitted under 3 AAC 306.995 for consumption off the licensed premises;

**(4) reject or revoke acceptance of a marijuana product purchased from a licensed marijuana product manufacturing facility;**

**(5) salvage and sell kief, trim, or flower separated from the marijuana purchase acquired from a licensed marijuana cultivation facility while preparing the**

**marijuana with required packaging and labeling under 3 AAC 306.345, 3 AAC 306.565, and 3 AAC 306.570 to an individual on the licensed premises;**

(6)[(3)] store marijuana and marijuana products on the licensed premises in a manner consistent with 3 AAC 306.710 - 3 AAC 306.720;

(7)[(4)] with prior approval of the board, permit consumption of marijuana or a marijuana product purchased on the licensed premises, in a designated area on the licensed premises.

(Eff. 2/21/2016, Register 217; em am 4/17/2020 – 8/14/2020, Register 234; am 11/24/2020, Register 236; am 12/10/2020, Register 236; am \_\_\_/\_\_\_/\_\_\_\_, Register \_\_\_\_\_)

- Authority:** AS 17.38.010 AS 17.38.150 AS 17.38.200  
AS 17.38.070 AS 17.38.190 AS 17.38.900  
AS 17.38.121

3 AAC 306.310 is amended to read:

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

(1) to a person under 21 years of age;

(2) to a person that is under the influence of an alcoholic beverage, inhalant, or controlled substance;

(3) that is not labeled and packaged as required in 3 AAC 306.345 and

(A) 3 AAC 306.470 and 3 AAC 306.475; or

(B) 3 AAC 306.565 and 3 AAC 306.570;

(4) in a quantity exceeding the limit set out in 3 AAC 306.355;

(5) repealed \_\_\_/\_\_\_/\_\_\_\_\_;

(6) after the expiration date shown on the label of the marijuana or marijuana

product.

(b) A licensed retail marijuana store may not

(1) conduct business on or allow a consumer to access the retail marijuana store's licensed premises between the hours of 5:00 a.m. and 8:00 a.m. each day;

(2) allow a person to consume marijuana or a marijuana product on the retail marijuana store's licensed premises, except as provided in 3 AAC 306.305(a)(4);

(3) offer or deliver to a consumer, as a marketing promotion, **alcoholic beverages, free or for compensation** [OR FOR ANY OTHER REASON,

(A) FREE MARIJUANA OR MARIJUANA PRODUCT, INCLUDING A SAMPLE; OR

(B) ALCOHOLIC BEVERAGES, FREE OR FOR COMPENSATION];

or



(4) allow intoxicated or drunken persons to enter or to remain on the licensed premises. (Eff. 2/21/2016, Register 217; am 4/11/2019, Register 230; em am 4/17/2020 – 8/14/2020, Register 234; am 11/24/2020, Register 236, am \_\_\_/\_\_\_/\_\_\_\_\_, Register \_\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.150 AS 17.38.200

AS 17.38.070 AS 17.38.190 AS 17.38.900

AS 17.38.121

3 AAC 306.330 is amended to read:

**3 AAC 306.330. Marijuana inventory tracking system.** (a) A retail marijuana store shall use a marijuana inventory tracking system as provided in 3 AAC 306.730 to ensure all marijuana and marijuana product in the retail marijuana store's possession is identified and tracked from the time the retail marijuana store receives, **rejects, or revokes acceptance of** any batch of marijuana or lot of marijuana product through the sale, transfer to another licensed marijuana establishment, or disposal of the batch of marijuana or lot of marijuana product.

(b) When marijuana from a marijuana cultivation facility or marijuana product from a marijuana product manufacturing facility is delivered or transported to the licensed premises of a retail marijuana store, the retail marijuana store shall immediately enter identification information for that batch of marijuana or lot of marijuana product into the retail marijuana store's marijuana inventory tracking system. A retail marijuana store **shall reject** [MAY NOT ACCEPT] marijuana or a marijuana product that does not have a valid transport manifest

generated from the marijuana inventory tracking system of the marijuana establishment that originated the delivery.

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

(d) A retail marijuana store shall account for any variance in the quantity of marijuana or marijuana product the retail marijuana store received and the quantity it sold, transferred, or disposed of. (Eff. 2/21/2016, Register 217; am \_\_\_/\_\_\_/\_\_\_\_\_, Register \_\_\_\_\_)

**Authority:** AS 17.38.010                      AS 17.38.150                      AS 17.38.200

AS 17.38.070                      AS 17.38.190                      AS 17.38.900

AS 17.38.121

3 AAC 306.405(a) is amended to read:

(a) A licensed standard marijuana cultivation facility is authorized to

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

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

**(3) accept rejected or revoked acceptance of marijuana from a licensed retail marijuana store;**

**(4)**[(3)] provide samples to a licensed marijuana testing facility for testing;

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

**(6)**[(5)] transport marijuana in compliance with 3 AAC 306.750;

**(7)**[(6)] conduct in-house testing for the marijuana cultivation facility's own use;

**(8)**[(7)] provide marijuana samples to a licensed retail marijuana store or marijuana product manufacturing facility for the purpose of negotiating a sale;

**(9)**[(8)] begin initial operations at the time of preliminary inspection by an employee or agent of the board with

(A) 12 or fewer mature, non-flowering plants, designated and used as mother plants;

(B) any number of immature plants; and

(C) any number of seeds for cultivation on the licensed premises;

**(10)**[(9)] Introduce a new strain after written approval by the director on a form prescribed by the board, by

(A) receiving not more than six clones or cuttings from a person 21 years of age or older, without compensation; or

(B) receiving not more than 10 seeds from a person 21 years of age or older, without compensation, for cultivation on the licensed premises.

(Eff. 2/21/2016, Register 217; am 10/20/2018, Register 228; am

12/10/2020, Register 236; am \_\_\_/\_\_\_/\_\_\_\_\_, Register \_\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.150 AS 17.38.200

AS 17.38.070 AS 17.38.190 AS 17.38.900

AS 17.38.121

3 AAC 305.430(c) is amended to read:

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

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

(2) does not emit an odor that is detectable by the public from outside the marijuana cultivation facility except as specifically allowed by a local government approval.

(Eff. 2/21/2016, Register 217; am \_\_\_/\_\_\_/\_\_\_\_\_, Register \_\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.150 AS 17.38.200

AS 17.38.070 AS 17.38.190 AS 17.38.900

AS 17.38.121

3 AAC 306.480 is amended to read:

**3 AAC 306.480. Marijuana tax to be paid.** A marijuana cultivation facility[, INCLUDING A STANDARD MARIJUANA CULTIVATION FACILITY AND A LIMITED MARIJUANA CULTIVATION FACILITY,] shall submit monthly reports to the Department of Revenue and pay the excise tax required under AS 43.61.010 and 43.61.020 on all marijuana sold or provided as a sample to a marijuana establishment. **The monthly report must identify all marijuana sold to a licensed retail store that was revoked after accepted by the licensed retail store for which a marijuana cultivation facility already paid the excise tax required under AS 43.61.010 and 43.61.020.** (Eff. 2/21/2016, Register 217; am \_\_\_/\_\_\_/\_\_\_\_\_, Register \_\_\_\_\_)

<b>Authority:</b>	AS 17.38.010	AS 17.38.121	AS 17.38.200
	AS 17.38.030	AS 17.38.150	AS 17.38.900
	AS 17.38.070	AS 17.38.190	

3 AAC 306.505(a) is amended to read:

(a) Except as provided in 3 AAC 306.515, a licensed marijuana product manufacturing facility, including a marijuana concentrate manufacturing facility, is authorized to

(1) purchase marijuana from a marijuana cultivation facility or from another marijuana product manufacturing facility;

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

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

(A) marijuana concentrate; or

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

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

**(5) accept rejected or revoked acceptance of marijuana products from a licensed retail marijuana store;**

**(6)**[(5)] provide and transport samples of marijuana concentrate or other marijuana product to a licensed marijuana testing facility for testing;

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

**(8)**[(7)] store inventory in a restricted access area on the licensed premises as provided in 3 AAC 306.535;

**(9)**[(8)] transport marijuana in compliance with 3 AAC 306.750;

**(10)**[(9)] conduct in-house testing for the marijuana product manufacturing facility's own use.

(Eff. 2/21/2016, Register 217; am 12/10/2020, Register 236; am \_\_\_/\_\_\_/\_\_\_\_\_, Register \_\_\_\_\_)

**Authority:** AS 17.38.010            AS 17.38.150            AS 17.38.200

AS 17.38.070            AS 17.38.190            AS 17.38.900

AS 17.38.121

3 AAC 306.540(a) is amended to read:

(a) A marijuana product manufacturing facility shall use a marijuana inventory tracking system as provided in 3 AAC 306.730 to ensure that the marijuana product manufacturing facility identifies and tracks any marijuana or marijuana product from the time the marijuana or marijuana product is received, through

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

(2) sale or transfer of the marijuana or marijuana product originally received, or any marijuana product manufactured at that marijuana product manufacturing facility to another licensed marijuana establishment; [AND]

**(3) return of rejected or revoked acceptance of the marijuana product from a licensed retail store; and**

**(4)**[(3)] disposal of any expired or outdated marijuana or marijuana product that is not sold or transferred to another licensed marijuana establishment. (Eff. 2/21/2016, Register 217; am \_\_\_/\_\_\_/\_\_\_\_, Register \_\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.150 AS 17.38.200

AS 17.38.070 AS 17.38.190 AS 17.38.900

AS 17.38.121

**3 AAC 306.700. Marijuana handler permit**

(a) Each agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or a marijuana product, or who checks the identification of a consumer or visitor, and each licensee and employee must obtain a marijuana handler permit from the board before being licensed or beginning employment at a marijuana establishment.

(b) To obtain a marijuana handler permit, a person must complete a marijuana handler permit education course approved by the board, pass a written test demonstrating an understanding of the course material, and obtain a certificate of course completion from the course provider.

(c) To obtain a marijuana handler permit, a person who has completed the marijuana handler permit education course described in 3 AAC 306.701 shall present the course completion certificate to the director. The director shall issue a marijuana handler permit card valid for three years from the date of issue of the course completion certificate. A person may renew a card issued under this section by taking a marijuana handler permit education course



approved by the board and passing a written test demonstrating an understanding of the course subjects.

(d) A licensee, employee, or agent of a marijuana establishment shall keep the marijuana handler permit card described in (c) of this section in that person's immediate possession or a valid copy on file on the premises at all times when on the licensed premises of the marijuana establishment.

(e) Repealed 8/21/2019.

(f) The board will not issue a marijuana handler permit to a person who

(1) has been convicted of a felony in the state and either

(A) less than five years have elapsed from the time of the person's conviction; or

(B) the person is currently on probation or parole for that felony,

(2) has within the two year period immediately preceding submission of an application, been convicted of a class A misdemeanor in the state involving a controlled substance other than a Schedule VIA controlled substance, under AS 11.71.190,

(3) has within the two year period immediately preceding submission of an application, been convicted of a class A misdemeanor in the state relating to selling, furnishing, or distributing marijuana; or,

(4) is currently under indictment for an offense listed in this section. (Eff. 2/21/2016, Register 217; am 5/23/2018, Register 226; am 9/7/2018, Register 227; am 2/21/2019, Register 229; am 8/21/2019, Register 231)

### **3 AAC 306.712. Breastfeeding on licensed premises.**

(a) A licensee or employee of a licensee may bring a child up to 12 months of age, who is the child of the licensee or employee, onto the licensed premises, excluding a restricted access area described under 3 AAC 306.710 and an onsite consumption area described under 3 AAC 306.370, for the purpose of breastfeeding the licensee or employee's child.

(b) A licensee may designate an area for breastfeeding or for the expression of breast milk. A designated area may not include a restricted access area described under 3 AAC 306.710 or an onsite consumption area described under 3 AAC 306.370.

(c) This section may not be construed to supersede or change the requirements of 29 U.S.C. 207 (Section 7 of the Fair Labor Standards Act of 1983) or any other law applicable to breastfeeding in the workplace (Eff. 1/1/2021, Register 237)

### **3 AAC 306.715. Security alarm systems and lock standards**

(a) Each licensee, employee, or agent of a marijuana establishment shall have on display, either on the person or in a readily accessible location on the licensed premises, an identification badge issued by the marijuana establishment at all times when on the marijuana establishment's licensed premises.

(b) The licensed premises of a marijuana establishment must have

- (1) exterior lighting to facilitate surveillance;
- (2) a security alarm system on all exterior doors and windows; and
- (3) continuous video monitoring as provided in 3 AAC 306.720.

(c) A marijuana establishment shall have policies and procedures that

- (1) are designed to prevent diversion of marijuana or marijuana product;
- (2) prevent loitering;
- (3) describe the use of any additional security device, such as a motion detector, pressure switch, and duress, panic, or hold-up alarm to enhance security of licensed premises; and
- (4) describe the actions to be taken by a licensee, employee, or agent of the marijuana establishment when any automatic or electronic notification system alerts a local law enforcement agency of an unauthorized breach of security.

(d) A marijuana establishment shall use commercial grade, non- residential door locks on all exterior entry points to the licensed premises.

**(e) A marijuana establishment shall use baffle or ticket windows or the equivalent thereof at windows utilized for exterior window pick-up under 3 AAC 306.380.**

**(f)**(e) A marijuana establishment shall notify the Department of Commerce, Community,

and Economic Development, Alcohol and Marijuana Control Office as soon as reasonably practical and in any case not more than 24 hours after any unauthorized access to the premises or the establishment's knowledge of evidence or circumstances that reasonably indicate theft, diversion, or unexplained disappearance of marijuana, marijuana products, or money from the licensed premises. (Eff. 2/21/2016, Register 217; am 5/25/2018, Register 226; am 1/19/2022, Register 241; am \_\_\_/\_\_\_/\_\_\_\_\_, Register \_\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.150 AS 17.38.200

AS 17.38.070 AS 17.38.190 AS 17.38.900

AS 17.38.121

3 AAC 306.720 is amended by adding subsection (g) to read:

(a) A marijuana establishment shall install and maintain a video surveillance and camera recording system as provided in this section. The video system must cover

- (1) each restricted access area and each entrance to a restricted access area within the licensed premises;
- (2) each entrance to the exterior of the licensed premises; and
- (3) each point-of-sale area.

(b) At a marijuana establishment, a required video camera must be placed in a way that produces a clear view adequate to identify any individual inside the licensed premises, or within 20 feet of each entrance to the licensed premises. Both the interior and the exterior of each entrance to the facility must be recorded by a video camera.

(c) Any area where marijuana is grown, cured, or manufactured, or where marijuana waste is destroyed, must have a camera placement in the room facing the primary entry door, and in adequate fixed positions, at a height

that will provide a clear, unobstructed view of the regular activity without a sight blockage from lighting hoods, fixtures, or other equipment, in order to allow for the clear and certain identification of any person and activity in the area at all times.

(d) Surveillance recording equipment and video surveillance records must be housed in a locked and secure area or in a lock box, cabinet, closet or other secure area that is accessible only to a marijuana establishment licensee or authorized employee, and to law enforcement personnel including a peace officer or an agent of the board. A marijuana establishment may house surveillance recording equipment and video surveillance records in an area approved by the board under 3 AAC 306.705(d) and 3 AAC 306.710(d) if the area meets the security requirements under this subsection.

(e) A marijuana establishment may use an offsite monitoring service and offsite storage of video surveillance records if security requirements at the offsite facility are at least as strict as onsite security requirements as described in (d) of this section.

(f) Each surveillance recording must be preserved for a minimum of 40 days, in a format that can be easily accessed for viewing. All recorded images must clearly and accurately display the time and date, and must be archived in a format that does not permit alteration of the recorded image, so that the images can readily be authenticated. After 40 days, a marijuana establishment may erase video recordings, unless the licensee knows or should know of any pending criminal, civil, or administrative investigation for which the video recording may contain relevant information.

**(g) In a vertically integrated building that contains more than one license, a marijuana licensee is not required to have video cameras that duplicate views already covered by other cameras of another license type.** (Eff. 2/21/2016, Register 217; am

12/10/2020, Register 236; am \_\_\_/\_\_\_/\_\_\_\_\_, Register \_\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.150 AS 17.38.200

AS 17.38.070 AS 17.38.190 AS 17.38.900

AS 17.38.121

**3 AAC 306.735. Health and safety standards**

(a) A marijuana establishment is subject to inspection by the local fire department, building inspector, or code enforcement officer to confirm that health or safety concerns are not present.

(b) A marijuana establishment shall take all reasonable measures and precautions to ensure that

(1) any person who has an illness, an open sore or infected wound, or other potential source of infection does not come in contact with marijuana or a marijuana product while the illness or source of infection persists;

(2) the licensed premises have

(A) adequate and readily accessible toilet facilities that are maintained in good repair and sanitary condition; and

(B) convenient handwashing facilities with running water at a suitable temperature; the marijuana establishment shall require employees to wash or sanitize their hands, and shall provide effective hand-cleaning, sanitizing preparations, and drying devices;

(3) each person working in direct contact with marijuana or a marijuana product conforms to good hygienic practices while on duty, including

(A) maintaining adequate personal cleanliness; and

(B) washing hands thoroughly in an adequate hand-washing area before starting work, after using toilet facilities, and at any other time when the person's hands may have become soiled or contaminated;

(4) litter, waste, and rubbish are properly removed; the waste disposal equipment must be maintained and adequate to

(A) avoid contaminating any area where marijuana or any marijuana product is stored, displayed, or sold;

(B) prevent causing odors or attracting pests;

(5) floors, walls, and ceilings are constructed to allow adequate cleaning, and are kept clean and in good repair;

(6) adequate lighting is installed in any area where marijuana or a marijuana product is stored, displayed, or sold, and where any equipment or utensil is cleaned;

(7) screening or other protection adequately protects against the entry of pests;

(8) each building, fixture, and other facility is maintained in sanitary condition;

(9) each toxic cleaning compound, sanitizing agent, and pesticide chemical is identified and stored in a safe manner to protect against contamination of marijuana or a marijuana product and in compliance with any applicable local, state, or federal law;

(10) adequate sanitation principles are used in receiving, inspecting, transporting, and storing marijuana or a marijuana product; and

(11) marijuana or a marijuana product is held in a manner that prevents the growth of bacteria, microbes, or other undesirable microorganisms.

(c) A marijuana establishment shall ensure that any marijuana or marijuana product that has been stored beyond its usable life, or was stored improperly, is not salvaged and returned to the marketplace. In this subsection, "stored improperly" means being exposed to extremes in temperature, humidity, smoke, fumes, pressure, or radiation due to a natural disaster, fire, accident, or equipment failure.

(d) If a marijuana establishment does not have reliable information about the age or storage conditions of marijuana or a marijuana product in its possession, the marijuana establishment may salvage the marijuana only if

(1) a licensed marijuana testing facility determines from quality assurance testing that the marijuana or marijuana product meets all applicable standards of moisture, potency, and contaminants;

(2) inspection of the premises where a disaster or accident occurred shows that the marijuana or marijuana product stored there was not adversely affected by the disaster or accident; and

(3) the marijuana establishment maintains a record of the salvaged marijuana or marijuana product in its marijuana inventory tracking system, including the name, lot number, and final disposition. (Eff. 2/21/2016, Register 217)

3 AAC 306.750(d) is amended to read:

(a) Marijuana or a marijuana product may only be transported to a licensed marijuana establishment by a licensee or an agent or employee of a licensee.

(b) A marijuana establishment from which a shipment of marijuana or marijuana product originates is responsible for preparing, packaging, and securing the marijuana or marijuana product during shipment, for recording the transfer in the marijuana inventory tracking system, and for preparing the transport manifest. An individual transporting marijuana in compliance with this section shall have a marijuana handler permit required under 3 AAC 306.700.

(c) When marijuana or a marijuana product is transported, the marijuana establishment that originates the transport shall use the marijuana inventory tracking system to record the type, amount and weight of marijuana or marijuana product being transported, the name of the transporter, the time of departure and expected delivery, and the make, model, and license plate number of the transporting vehicle. A complete printed transport manifest on a form prescribed by the board must be kept with the marijuana or marijuana product at all times.

(d) During transport, the marijuana or marijuana product must be in a sealed package or container and in a locked, safe, and secure storage compartment in the vehicle transporting the marijuana or marijuana product. **While the secure storage compartment may be opened to access or rearrange its contents, the [THE] sealed package containing the marijuana or**

**marijuana product** may not be opened during transport. A vehicle transporting marijuana or a marijuana product must travel directly from the shipping marijuana establishment to the receiving marijuana establishment, and may not make unnecessary stops in between except to deliver or pick up marijuana or a marijuana product at another licensed marijuana establishment.

**Unnecessary steps does not include stops necessary for the safe delivery of marijuana or marijuana products, such as to supply fuel or basic maintenance to the transport vehicle and necessary rest and food to the individuals transporting the marijuana or marijuana products. Also, and If doing so does not take the transport significantly off route, unnecessary steps does not include the delivery or deposit monetary receipts at financial institutions or payment of excise taxes to the State of Alaska.**

(e) When a marijuana establishment receives marijuana or a marijuana product transported in compliance with this section, the recipient of the shipment shall use the marijuana inventory tracking system to report the type, amount, and weight of marijuana or marijuana product received. The recipient shall refuse to accept any shipment of marijuana or marijuana product that is not accompanied by the transport manifest.

(f) A marijuana establishment shall keep records of all marijuana or marijuana products shipped from or received at that marijuana establishment as required under 3 AAC 306.755.

(g) A marijuana establishment may transport marijuana or a marijuana product to and from a trade show or similar industry event in accordance with 3 AAC 306.760 and this section.

(h) Expired 8/14/2020. (Eff. 2/21/2016, Register 217; am 10/11/2017, Register 224; am 8/11/2018, Register 227; am \_\_\_/\_\_\_/\_\_\_\_\_, Register \_\_\_\_\_)

**Authority:** AS 17.38.010      AS 17.38.150      AS 17.38.200



AS 17.38.070

AS 17.38.190

AS 17.38.900

AS 17.38.121

3 AAC 306.770 is amended to read:

**3 AAC 306.770. Signs, merchandise, advertisements, and promotions.** (a) Business cards and merchandise, including t-shirts, hats, and stickers, that are distributed by a licensed marijuana establishment and contain only the business name and logo, license name, and location and contact information, are not advertising or promotions.

(b) A licensed marijuana establishment may have not more than three signs that are visible to the general public from the public right-of-way. Two of the three signs may only be placed in the marijuana facility's window or attached to the outside of the licensed premises.

**Signage must meet the requirements of the local government or governments where the facility is located and may not violate AS 19.25.075.** [THE SIZE OF EACH SIGN MAY NOT EXCEED 4,800 SQUARE INCHES.] A sign meeting these requirements is not advertising or promotions.

(c) An advertisement for a licensed marijuana establishment and for marijuana or a marijuana product must include the business name and license number.

(d) An advertisement for a licensed marijuana establishment is exempt from providing the warning statement in (g) of this section if

(1) the advertisement contains only the business name, logo, business type, contact information, location, and hours of operation; and

(2) the advertisement does not contain any written information about marijuana or a marijuana product or any photographic or illustrative depictions of marijuana or a marijuana product, other than depictions contained within the established business name font and logo.

(e) A logo or an advertisement for a licensed marijuana establishment and for marijuana or a marijuana product may not contain a statement or illustration that

- (1) is false or misleading;
- (2) promotes excessive consumption;
- (3) represents that the use of marijuana has curative or therapeutic effects;
- (4) depicts a person under 21 years of age consuming marijuana; or
- (5) includes any object or character, including a toy, a cartoon character, or any

other depiction that appeals to a person under 21 years of age.

(f) An advertisement for a licensed marijuana establishment and for marijuana or a marijuana product may not be placed

(1) within 1,000 feet of the perimeter of any child-centered facility, including a school, a child care facility or other facility providing services to children, a playground or recreation center, a public park, a library, or a game arcade that is open to persons under 21 years of age, except when included in an established publication intended for general readership;

~~(2)~~ ON OR IN A PUBLIC TRANSIT VEHICLE OR PUBLIC TRANSIT SHELTER;]

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

(4) within 1,000 feet of a substance abuse or treatment facility;] OR

~~(5)~~ ON A CAMPUS FOR POSTSECONDARY EDUCATION.]

~~(g)~~ An advertisement for marijuana or any marijuana product must contain each of the following warnings **and**[, THAT] must be plainly visible [AND AT LEAST HALF THE FONT SIZE OF AN ADVERTISEMENT ON A SIGN, AND NO SMALLER THAN SIZE NINE FONT WHEN THE ADVERTISEMENT IS IN PRINTED FORM]; warnings in audio advertisements must be intelligible [AND PLAYED AT THE SAME SPEED AS THE ADVERTISEMENT];

(1) “Marijuana has intoxicating effects and may be habit forming and addictive.”;

(2) “Marijuana impairs concentration, coordination, and judgment. Do not operate

a vehicle or machinery under its influence.”;

(3) “There are health risks associated with consumption of marijuana.”;

(4) “For use only by adults twenty-one and older. Keep out of the reach of children.”;

(5) “Marijuana should not be used by women who are pregnant or breast feeding.”

(h) A licensed marijuana establishment that advertises by means of a web page must utilize appropriate measures to ensure that individuals visiting the web page are 21 years of age or older.

(i) A licensed marijuana establishment may not engage in advertising by means of marketing directed towards location-based devices, including cellular phones, unless the marketing is a mobile device application installed on the device by the owner of the device who is 21 years of age or older and the application includes a permanent and easy opt-out feature.

(j) As long as no more than 30 percent of the event’s participants and audience is reasonably expected to be under 21 years of age, a licensed marijuana establishment may sponsor

(1) an industry trade show;

(2) a charitable event;

(3) a sports event or competition;

(4) a concert; or

(5) any other event approved in advance by the **director** [BOARD].

(k) A licensed marijuana establishment may not encourage the sale of marijuana or a marijuana product

**(±)** BY USING GIVEAWAY COUPONS FOR MARIJUANA OR A MARIJUANA PRODUCT AS PROMOTIONAL MATERIALS];

(2) by conducting games or competitions related to the consumption of marijuana or a marijuana product; **or**

(3) by providing promotional materials or activities of a manner or type that

would be especially appealing to children.]; OR

(4) BY HOLDING PROMOTIONAL ACTIVITIES OUTSIDE OF THE LICENSED PREMISES.] (Eff. 10/17/2018, Register 228; am \_\_\_/\_\_\_/\_\_\_\_, Register \_\_\_\_\_)

**Authority:** AS 17.38.010 AS 17.38.150 AS 17.38.200  
AS 17.38.070 AS 17.38.190 AS 17.38.900  
AS 17.38.121





ALASKA ECONOMIC  
**TRENDS**  
DECEMBER 2022

T  
H  
E  
cannabis  
industry  
matures

**ALSO INSIDE**

Job recovery in restaurants and bars  
How Alaska's hourly wages stack up



# FROM THE COMMISSIONER

## Disabled workers are an asset to the modern workforce

**By Dr. Tamika L. Ledbetter, Commissioner**

Every state is feeling the severity of the nation's labor shortage. Since the pandemic began, employers have reported difficulty filling positions. However, the switch to working from home or a hybrid model during the pandemic also increased the employment rate among disabled workers. According to the Economic Innovation Group, working-age adults with a disability are 3.5 percent more likely to be employed in 2022 than before the pandemic.

In Alaska, unfilled positions span every sector of our economy, and some of these jobs could be performed remotely. With advances in technology and new investments in high-speed internet, this is an opportune time for employers to diversify their workforces.

Each year, the Division of Vocational Rehabilitation helps hundreds of Alaskans with disabilities prepare for, attain, and maintain good jobs. Under the leadership of Director Duane Mayes, DVR staff work with clients to develop an employment plan that includes assistive technologies, training, and job and placement services.

Assistive technologies have come a long way, especially for the visually and hearing impaired. Programs can read the content of computer screens to users and provide speech and Braille output for most popular computer applications. Other technology can transcribe voice commands to text and relay them to another via phone or tablet display. Assistive technology also provides a welcome



boost to workers with permanent or temporary motor impairments.

In a recently published Yahoo! Finance article, writer Tanya Kaushal made a strong case for disability inclusion, illustrating the strengths of disabled workers such as adaptability and resiliency. "Benefits like

closed captioning, flexible work hours, and using one's own assistive technology help produce the best quality of work," the article noted.

In early November, DVR Director Mayes and I attended the Council of State Administrators of Vocational Rehabilitation fall conference in San Antonio, Texas. This organization's leadership is committed to inclusion in the modern-day workplace.

Alaska is recognized nationally for our model web-based state plan that uses best practices to assist the deaf community. Director Mayes was raised by deaf parents. Using his own powerful story as a guide, he has dedicated his professional life to helping others succeed in the workplace. I am thankful to have him as a member of my team.

For more information on employment services for workers with disabilities, please call (907) 465-2814 or (800)-478-2815.

Contact Dr. Tamika L. Ledbetter, Commissioner, at (907) 465-2700 or [commissioner.labor@alaska.gov](mailto:commissioner.labor@alaska.gov).



Follow the Alaska Department of Labor and Workforce Development on Twitter ([twitter.com/alaskalabor](https://twitter.com/alaskalabor)) and Facebook ([facebook.com/alaskalabor](https://facebook.com/alaskalabor)).



DECEMBER  
2022

Volume 42 Number 12  
ISSN 0160-3345

SARA WHITNEY  
Editor

DAN ROBINSON  
Chief, Research  
and Analysis

Design by Sara Whitney

**ON THE COVER:**  
Blue Dream cannabis bud at  
55 days, photo by Thomas Elliott

**ALASKA**  
DEPARTMENT of LABOR  
and WORKFORCE  
DEVELOPMENT

Governor  
Mike Dunleavy  
Commissioner  
Dr. Tamika L. Ledbetter

# ALASKA ECONOMIC TRENDS

4 THE CANNABIS  
INDUSTRY MATURES

11 JOB RECOVERY  
IN EATERIES, BARS

12 HOW HOURLY  
WAGES STACK UP

14 GAUGING  
THE ECONOMY

Trends is a nonpartisan, data-driven magazine  
that covers a variety of economic topics in Alaska.

**ON THIS SPREAD:** The background image for 2022 is a sparkly Alaska shoreline, taken by  
Flickr user Darren Hsu. License: [creativecommons.org/licenses/by-nc-sa/2.0/](https://creativecommons.org/licenses/by-nc-sa/2.0/)

If you have questions or comments, contact the authors listed at the end of each article or the editor at [sara.whitney@alaska.gov](mailto:sara.whitney@alaska.gov)  
or (907) 465-6561. This material is public information, and with appropriate credit it may be reproduced without permission.  
To sign up for a free electronic subscription, read past issues, or purchase a print subscription, visit [labor.alaska.gov/trends](http://labor.alaska.gov/trends).



# Cannabis industry matures

## The field continues to grow, but its expansion is slowing

By KARINNE WIEBOLD

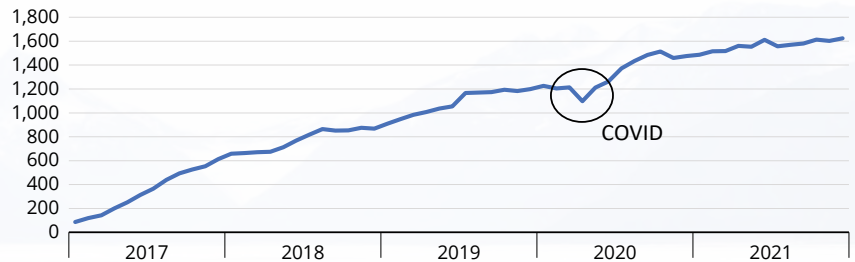
Alaska's cannabis industry was in its infancy when we first profiled it in 2018, and those first few years had a bit of a gold rush feel. After Alaskans voted in 2014 to legalize marijuana for recreational use, prospective business operators lined up, ready to move as soon as the state issued the first licenses in 2016. In exchange, those early businesses incurred extra risk. Initial uncertainties included application approval, building requirements, public opposition, and accounting — but entrepreneurs eagerly took that leap to get into the market first, and the industry ballooned.

Just a few years later, the industry employs more than 1,500 people and pays millions in state and local taxes. Growth has been slowing, however, suggesting the industry is maturing.

### The boom and then the settling

We estimated 10 cannabis-related businesses were

### Steady marijuana job growth, 2017-2021



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

operating in 2016. The industry lacked body until 2017, the first full year licenses were available.

Employment more than doubled from 2017 to 2018, from 342 to 773. (See the sidebar on page 8 for how we estimate the number of marijuana-related jobs.) At the same time, total wages rose from \$9.8 million to \$22 million. The boom looked similar for state taxation, with Alaska collecting \$6.1 million in 2017 and \$15.7 million just a year later.

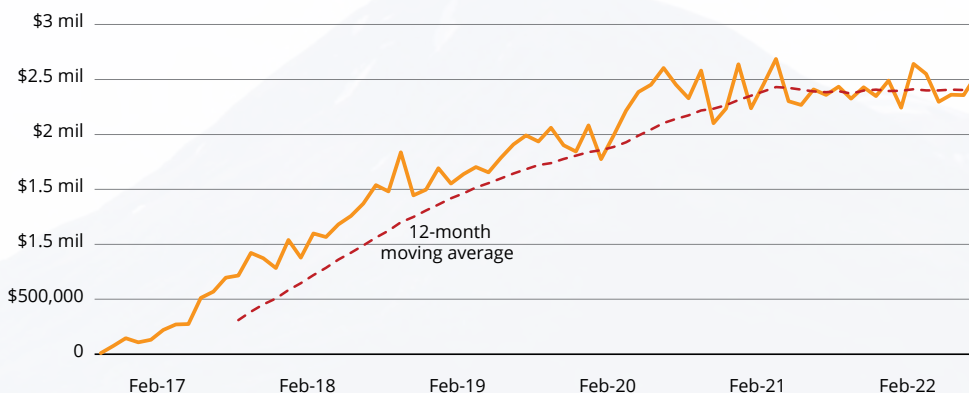
The industry has settled in since that first snapshot. Jobs, wages, and taxes have continued to grow, but at a slower pace each year. While all three followed that pattern, tax revenue growth slowed the most.



The late Congressman Don Young tours the Raspberry Roots grow room in Anchorage in October 2019 during his visit to several marijuana businesses. Photo used under Creative Commons license courtesy of Paxson Woelber, [The Alaska Landmine](#).



## Monthly marijuana excise taxes level off in 2021



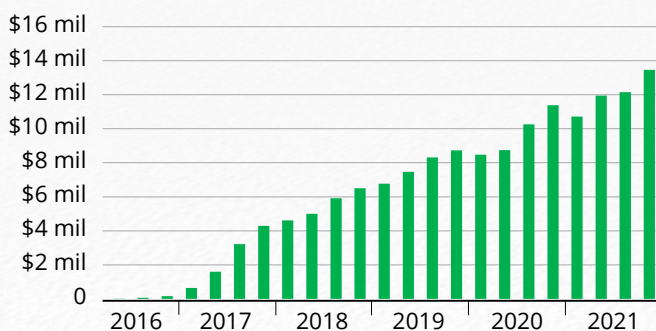
Source: Alaska Department of Revenue

While growth in 2021 was the slowest to date, that's relative. Employment still grew 18 percent over the year, wages rose 24 percent, and state taxes increased 6 percent. This expansion would be impressive in any long-established industry, but it's a slowdown for the emerging marijuana field.

In 2021, the industry averaged 1,566 direct jobs and paid \$48.3 million in wages. The state collected \$28.9 million in marijuana excise taxes. Active licenses numbered 459 as of December 2022.

The number of people involved in the industry likely eclipses 1,566, however. The state has just under 7,000 active marijuana handler permits, which is a rough proxy for the number of people who have participated in the industry in some way within the last three years. (Marijuana handler permits are good for three years.) Any involvement with marijuana commerce requires a handler permit, even if it's ancillary or a one-off.

## Total wages paid by the Alaska marijuana industry continue to rise



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

The Alaska Department of Commerce, Community, and Economic Development has issued about 12,200 marijuana handling permits since the industry began. (Detailed discussion of permits and licenses begins on page 6.)

## The pandemic muddied saturation

The industry probably still has room to grow but will probably hit its ceiling in the next couple of years. As the market reaches saturation, we will see fewer new businesses applying for licenses and, perhaps, some allowing their licenses to expire. Licenses are expensive and require annual renewal, so businesses have to decide every year if that's viable.

It remains to be seen how much marijuana Alaska consumers and visitors want, how many cultivators it takes to produce it, and how many stores (and in what locations) can be profitable. The pandemic complicated these basic questions, because while growth moderating over the last couple of years could be the industry settling, it's also possible that COVID-19 tempered expansion. Demand could pick up as the pandemic winds down. Few out-of-state seasonal workers showed up in 2020, and product demand was likely reduced as few visitors came that year and a fraction of the typical number returned in 2021.

Overall, the outlook remains uncertain. Small regulatory changes could alter the landscape for marijuana businesses in either direction; examples include the possibility of license limits, changing local requirements, or federal legalization. In the meantime, the legal and administrative landscape remains complex and the costs of doing business are high.

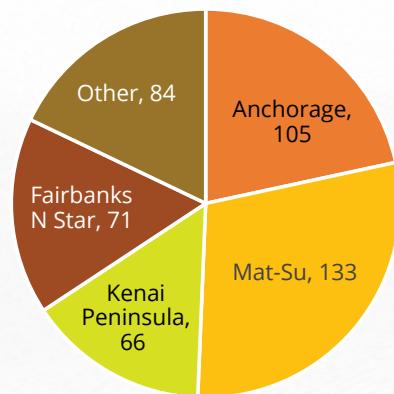
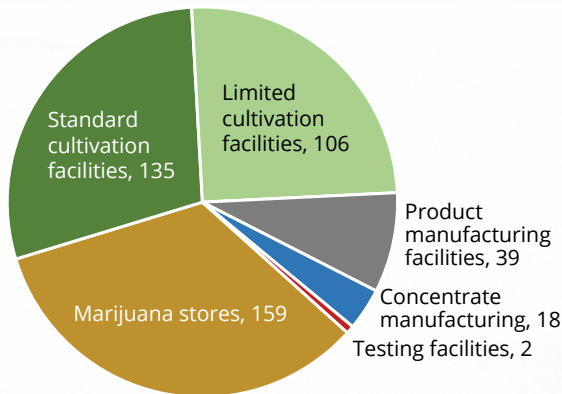
# Types of marijuana licenses or permits in Alaska and their costs

License type	Description	License/yearly renewal fees
Retail marijuana store	Sell marijuana to consumers	\$5,000 initial, \$7,000 renewal
Limited marijuana cultivation facility (<500 ft of cultivation)	Plant, propagate, cultivate, harvest, trim, dry, cure, package, and label marijuana for sale to retail stores or manufacturing facilities	\$1,000 initial, \$1,400 renewal
Standard marijuana cultivation facility	Plant, propagate, cultivate, harvest, trim, dry, cure, package, and label marijuana for sale to retail stores or manufacturing facilities	\$5,000 initial, \$7,000 renewal
Marijuana concentrate manufacturing facility	Purchase marijuana from a licensed cultivator or other manufacturer and extract marijuana concentrate	\$1,000 initial, \$2,000 renewal
Marijuana product manufacturing facility	Buy marijuana from a licensed cultivator/manufacturer and extract concentrate or manufacture, refine, process, and cook products with specific approvals	\$5,000 initial, \$7,000 renewal
Marijuana testing facility	Test, analyze, and certify potency, moisture content, pesticide or solvent residue, mold, mildew, bacteria, or other contaminants in marijuana or product	\$1,000 initial, \$5,000 renewal
Marijuana handler permit	Required for each licensee, employee, or agent of a marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana	\$50, good for three years

**Note:** All licenses (except handler permits) also require an initial application fee of \$1,000 and \$600 each year when submitting renewal applications. Regular state business licenses are separate.

**Sources:** Alaska Department of Commerce, Community, and Economic Development, Marijuana Control Board; and 3 AAC 306, Regulations for the Marijuana Control Board

## Locations and types of Alaska marijuana licenses in late 2022



**Source:** Alaska Department of Commerce, Community, and Economic Development, Marijuana Control Board

## How licensing works and where the various fee revenues go

The marijuana industry requires a license at every stage, from cultivation to retail. Working in a store, greenhouse, or bakery requires a handler permit for each worker, issued for \$50 after a completed educational course.

Licenses for cannabis-related businesses range from \$1,000 to \$5,000 initially and up to \$7,000 annually to renew, plus an application fee of \$1,000 the first time and \$600 for each renewal. (A regular state business license is also required.)

The state doesn't currently restrict the number of marijuana licenses. As mentioned before, annual renewal requires businesses to regularly reassess profitability, and thin profit margins (or worse, operating in the red) can't be sustained for long when yearly operating costs — including license renewal — are so high. (See the table above for descriptions and amounts.)

According to a 2021 Politico study, Alaska has more stores per capita than other legal western states. Given our vast geography and unlimited license availability, that isn't a surprise. Although there's no limit on the number of licenses within the state, the annual license cost probably restricts the number being held.

The state Marijuana Control Board uses 50 percent



## How much local governments have received in shared fees\* since FY 2017

Alaska area	Received in FY 2017	Received in FY 2018	Received in FY 2019	Received in FY 2020	Received in FY 2021	Received in FY 2022	Total for area
Anchorage, Municipality	\$37,000	\$22,300	\$35,800	\$31,400	\$25,900	\$34,300	\$186,700
Bethel (city)	-	-	-	\$1,000	\$600	\$600	\$2,200
Craig	-	-	\$500	\$500	\$300	\$300	\$1,600
Denali Borough	\$500	\$300	\$800	\$600	\$1,100	\$600	\$3,900
Dillingham (city)	-	-	\$1,300	\$300	\$1,100	\$300	\$3,000
Fairbanks (city)	\$6,000	\$7,200	\$3,900	\$9,800	\$8,300	\$8,000	\$43,200
Fairbanks N Star Borough	\$16,500	\$16,100	\$20,100	\$13,100	\$14,700	\$15,300	\$95,800
Haines Borough	-	\$1,000	-	\$1,100	\$900	\$1,100	\$4,100
Homer	-	\$1,300	\$2,000	\$1,100	\$1,100	\$1,200	\$6,700
Houston	\$3,000	\$3,000	\$3,400	\$5,400	\$3,100	\$4,900	\$22,800
Juneau, City and Borough	\$5,000	\$5,900	\$8,000	\$5,500	\$8,600	\$4,200	\$37,200
Kachemak	-	\$500	-	-	\$300	\$300	\$1,100
Kenai (city)	\$1,500	\$1,900	\$2,400	\$2,900	\$2,400	\$2,000	\$13,100
Kenai Peninsula Borough	\$16,500	\$17,900	\$16,600	\$15,100	\$17,400	\$16,900	\$100,400
Ketchikan (city)	\$1,500	\$3,000	\$300	\$1,700	\$2,000	\$1,200	\$9,700
Ketchikan Gateway Borough	\$2,000	\$2,500	\$2,400	\$2,800	\$3,200	\$3,700	\$16,600
Kodiak (city)	\$500	-	-	-	\$1,100	\$300	\$1,900
Kodiak Island Borough	-	\$500	\$1,000	\$300	\$300	\$600	\$2,700
Kotzebue	-	-	\$1,000	\$800	-	\$600	\$2,400
Matanuska-Susitna Borough	\$15,000	\$24,200	\$30,500	\$35,300	\$35,800	\$35,600	\$176,400
Nome (city)	\$500	\$1,600	\$2,600	\$1,100	\$300	\$1,200	\$7,300
Palmer	-	-	-	-	\$500	-	\$500
Petersburg Borough	\$1,000	\$300	\$300	\$600	\$600	\$600	\$3,400
Port Alexander	-	-	-	\$500	\$300	-	\$800
Seward	-	-	\$500	\$300	-	\$300	\$1,100
Sitka, City and Borough	\$3,000	\$3,600	\$3,100	\$1,800	\$3,100	\$2,700	\$17,300
Skagway	\$1,000	\$1,600	-	\$600	-	\$600	\$3,800
Soldotna	-	-	\$500	\$800	\$300	\$600	\$2,200
Utqiagvik	-	-	-	\$500	-	\$300	\$800
Valdez	\$1,500	\$900	\$1,400	\$1,000	\$1,400	\$900	\$7,100
Wrangell, City and Borough	\$1,000	-	\$600	\$600	\$600	-	\$2,800
<b>Total by state fiscal year</b>	<b>\$113,000</b>	<b>\$115,600</b>	<b>\$139,000</b>	<b>\$136,500</b>	<b>\$135,300</b>	<b>\$139,200</b>	<b>\$778,600</b>

\*The state collects an application fee when businesses apply for marijuana licenses or renewals, and shares 50 percent of those revenues with localities. The initial application fee is \$1,000 and renewal is \$600 per year. This does not include fees the state collects for marijuana licenses or regular business licenses.

Source: Alaska Department of Commerce, Community, and Economic Development, Marijuana Control Board

of the application fees plus all of the license fees to cover the administrative costs of regulating the industry. The board shares the other half of the application fee revenue with local governments to offset their review process costs.

Local governments can restrict or prohibit commercial marijuana through ordinance or a vote and weigh in on applications based on their own restrictions and requirements. So far in state fiscal year 2022, Alaska has redistributed \$139,200 in application fee revenue to local governments. The shared amount has remained consistent over the last four years, meaning the number of annual applications and renewals has also held fairly steady.

## Alaska has 459 active licenses, with the bulk in Southcentral

Alaska had 459 active licenses when this article was published. Combining the Kenai Peninsula and Matanuska-Susitna boroughs with Anchorage showed the Southcentral Region held two-thirds of licenses, with Mat-Su in the lead. While licenses are concentrated in Southcentral — the state's population center — marijuana businesses are licensed from Utqiagvik down to Ketchikan.

Fifty-three percent of licenses are for cultivation, and retail comes in second. The state has just two

testing facilities — in Anchorage and Mat-Su — posing a challenge for remote growers who have to travel to put their products through the required tests. Because marijuana remains illegal federally, it can't be shipped.

## The conflicts with federal law complicate doing business

Cannabis remains illegal at the federal level, which presents the industry with numerous obstacles. Marijuana is classified as a Schedule 1 controlled substance, the most restrictive category, for drugs with “no currently accepted medical use and a high potential for abuse.” (Other Schedule 1 substances include heroin, LSD, ecstasy, methaqualone, and peyote.

For the last decade, the federal government has primarily allowed states to handle marijuana law enforcement, but federal laws restricting Schedule 1 drugs still apply. This means that with few exceptions, cannabis in any form can't be transported by air or sea. It is also illegal to use the banking system when dealing with marijuana money, so the industry is essentially cash-based at every level: selling the product, paying employees, paying rent, and paying taxes. Credit cards also can't be used.

Federal transport restrictions are especially difficult to navigate for rural or off-the-road-system

### Estimating cannabis-linked jobs

Job numbers and wages for those involved with commercial cannabis aren't easy to tease out, as national industry classification has no specific marijuana-related category. Instead, the jobs are sprinkled throughout retail, manufacturing, agriculture/greenhouse crops, and several other industries.

Identifying marijuana businesses in Alaska wage records requires cross-referencing the state's marijuana license list and researching the businesses operating in specific industries. Our estimates represent the best attempt possible right now, but they may exclude businesses run by owner-operators, businesses without employees covered by unemployment insurance, miscategorized businesses, and merchants operating under names that differ from what is on the license.

## Local marijuana taxes in 2021

Alaska area	Tax rate*	Total collected
Anchorage	5%	\$5,269,900
Bethel	15%	\$803,522
Denali Borough	5%	\$55,795
Fairbanks	5%	\$1,440,964
Fairbanks N Star Borough	5%	\$412,058
Haines Borough	2%	\$17,169
Houston	\$10/oz flower	\$234,397
Juneau	3%	\$404,024
Ketchikan	5%	\$260,043
Kodiak Island Borough	**	\$351,071
Mat-Su Borough	5%	\$1,081,333
Northwest Arctic Borough	\$25/oz flower	\$63,766
Petersburg Borough	\$25/oz	\$40,715
Port Alexander	**	\$637
Utqiagvik	8%	\$59,531
Wrangell	\$10/oz	\$4,528

\*Marijuana taxes collected from consumers. Does not include local sales tax, where applicable, or the excise tax the state collects from cultivators.

\*\*Tax rate not identified

Source: Alaska Department of Commerce, Community, and Economic Development, Alaska Taxable 2021

businesses. Samples must be tested before sale, and Alaska's two testing facilities are on the road system, so cannabis tends to be grown on the road system as well. Remote operators must grow their own and arrange for testing or take frequent trips to the grow facilities to pick up and transport the product in person.

The state allows cannabis products on intrastate commercial flights as long as they stay with the traveler (so, carry-on only). This is a legal gray zone, and the federal government has instructed the Transportation Security Administration to contact local law enforcement when they encounter marijuana to ensure it follows state law.

Because of the banking restriction, cultivators must pay their excise taxes in cash and in person at a single drop box in a downtown Anchorage parking garage. (For more on how taxation works in Alaska, see the next section.) Taxes are due every month, and paying them requires regular handling of large amounts of cash — a security risk for all involved. For some, it also requires a long journey ranging from a six-hour drive from Fairbanks to a multi-leg flight for the most remote areas.

Federal legalization would allow businesses to transport the product and use the banking system, but it would come with its own potential downsides. Alaska's nascent industry would no longer be

Continued on page 18



# Marijuana laws around the United States and internationally

Colorado and Washington voters legalized recreational marijuana use in 2012, and Alaska, Oregon, and Washington, D.C. followed two years later. While Alaska wasn't the first to legalize recreational marijuana sales, marijuana use had already been quasi-legal for decades. (See the last section in this article for more on Alaska's legal history.)

By late 2022, 21 states, D.C., and two territories (Guam and the Northern Mariana Islands) had legalized recreational use and 18 more make medical allowances. As of December, only 13 states fully prohibit its use and sale. (This includes Iowa, which has one medical exception category but it's so small and restrictive that in almost all cases,

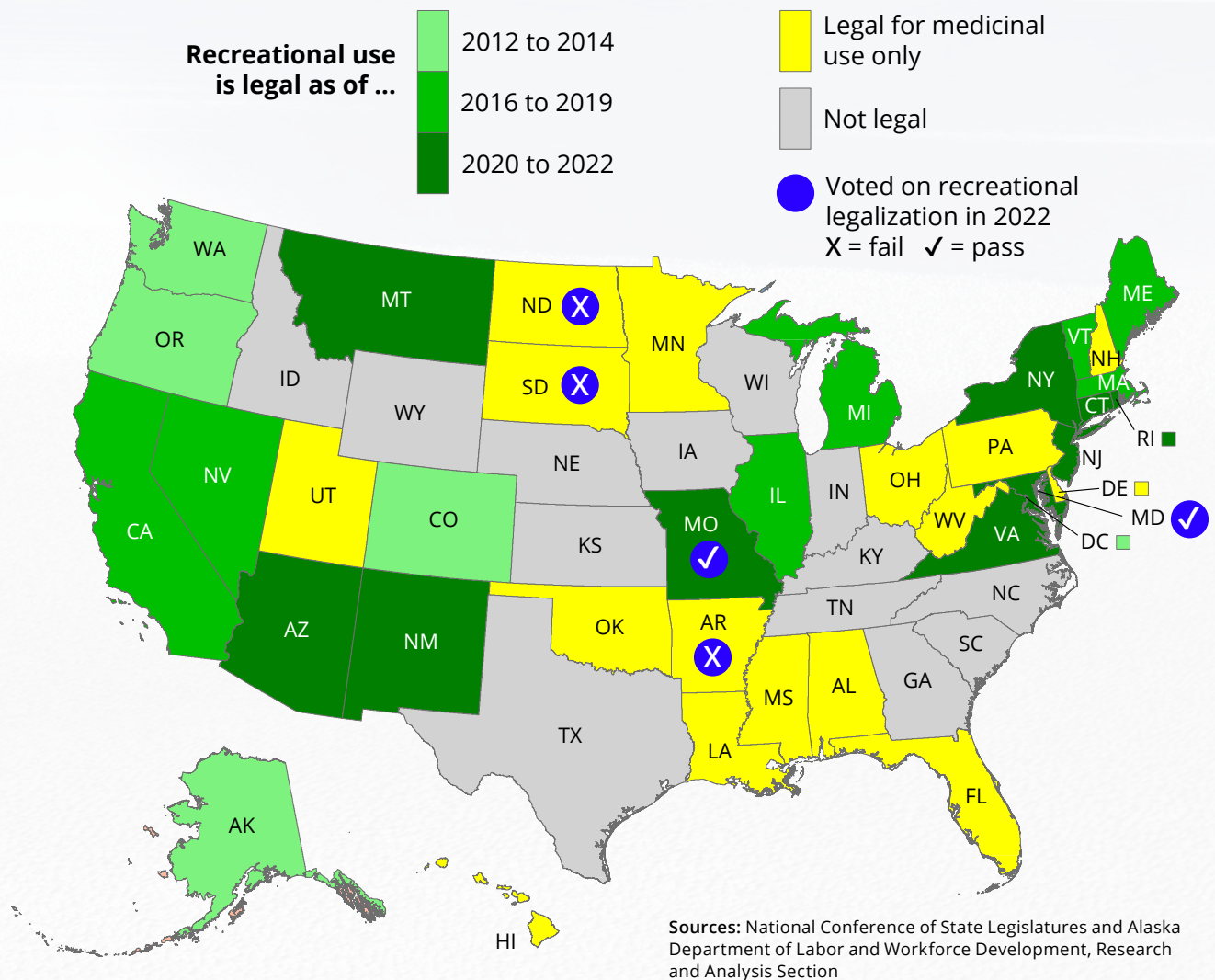
medical use remains illegal.)

In 2022, Arkansas, Maryland, Missouri, North Dakota, and South Dakota put recreational legalization on the ballot. The measures passed in Missouri and Maryland but failed in the others, including South Dakota where the measure passed in 2020 but was struck down by the South Dakota Supreme Court. Oklahoma missed the deadline to include the initiative on the 2022 ballot but will vote on it during a March 2023 special election.

## Feds leave some enforcement to states

Marijuana remains an illegal Schedule 1 drug

## The marijuana legalization picture nationwide as of December 2022



federally. Federal legalization has been debated in recent years as more and more states vote to regulate and tax the product, removing it from the black market into a regulatory environment. In the meantime, federal enforcement has been limited for personal use in small amounts.

The U.S. Department of Justice issued what is referred to as the Cole Memorandum in 2013, directing federal law enforcement to defer to state and local law enforcement when dealing with marijuana. The Trump administration rescinded the memo, but the Biden administration has maintained a hands-off approach to federal marijuana law enforcement. (For more on how Alaska businesses have to navigate the conflicts between federal and state laws, see the subsection on page 7.)

## Few countries have legalized it so far

Canada legalized recreational marijuana use in 2018. As a result, the industry can use debit and credit cards, open bank accounts, and send cannabis products through the mail. Although cannabis is legal federally, provinces still have the authority to determine the legal age, the methods of sale and distribution, and other details.

The federal government in Canada also participates in the cannabis industry, operating some retail stores alongside private business owners and acting as wholesalers in some provinces, often in tandem with province-owned alcohol distribution networks.

Globally, only a handful of countries have legalized recreational marijuana, but the list is growing. Recreational use is legal in Uruguay, Canada, Georgia, South Africa, Mexico, Malta, and Thailand. Many others have decriminalized it or stopped enforcing prohibition.

## Alaska's ambiguous legal history

Alaska has a complicated history with marijuana, a battle that continued for nearly 40 years until 2014, when a ballot initiative legalized recreational marijuana and the state set up the process for regulating and taxing it. For most of the four decades before that, it was quasi-legal.

In 1975, the Alaska Supreme Court held in *Ravin v. State* that the Alaska Constitution's right to privacy protected an adult's right to possess and use a small amount of marijuana.

Legislators decriminalized marijuana shortly thereafter but subjected those found possessing it to a civil fine of up to \$100. The fine conflicted with the *Ravin* decision, and five years later, the Legislature resolved the conflict by eliminating any civil or criminal penalty for an adult possessing less than four ounces of marijuana for personal use.

In 1990, voters passed a ballot initiative that recriminalized all marijuana possession, reintroducing confusion and apparent constitutional conflict. Another ballot initiative successfully decriminalized marijuana for medical use in 1998 and established rules for obtaining a doctor's certification and registering with the state to get an identification card. The card allowed limited possession of marijuana and marijuana plants, although Alaska never had any medical marijuana facilities.

The Alaska Supreme Court weighed in again in 2003 when it declined to hear the state's appeal of a lower court's decision, in *Noy v. State*, that the state could not enforce statutes that restricted Alaska residents' right to possess less than four ounces of marijuana.

The Legislature criminalized marijuana use again in 2006, although legislators acknowledged that another court challenge would likely follow. It did — and the debate continued until legalization in 2014.

**Cannabis:** The plant, *cannabis sativa* or *cannabis indica*

**Marijuana:** A North American synonym that also refers specifically to the dried flower

---



# Recovery for restaurants, bars

## Sector's job numbers creeping closer to pre-COVID levels

By NEAL FRIED

**B**ars and restaurants absorbed the hardest blow when COVID-19 came in spring 2020. Thousands of jobs disappeared almost instantly in Alaska, and the sector continued to bleed jobs in 2020 amid shutdowns, occupancy limits, cautious consumers, a lack of tourists, and recurring waves of the virus.

The early shutdowns slashed Alaska restaurant and bar employment by 44 percent in April 2020, a loss of 9,279 jobs from the previous April.

On a month-to-month basis, eating and drinking employment dropped from 19,800 in March to 11,800 in April. That was the worst of it, but the percent losses relative to the same months in 2019 remained in the double digits for the rest of 2020 and most of 2021.

By late 2021 and early 2022, percent losses had shrunk to single digits. By June of 2022, industry employment was 4.1 percent below June 2019 (-992) — still down but within striking distance of recovery.

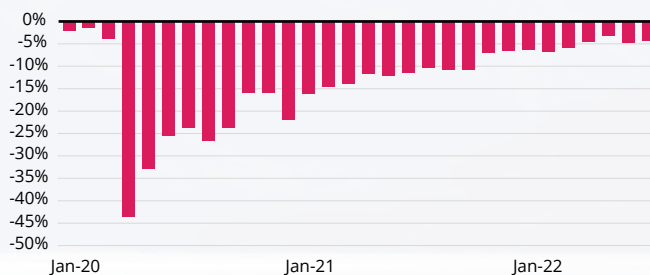
While June 2022's numbers are the most recent complete data at the state level, the months since will probably show further signs of recovery.

### Some types of eateries have recovered more

Type	1st half 2019 jobs	1st half 2022 jobs	Change	Percent change
Full-service restaurants	9,092	8,257	-835	-9.2%
Limited-svc (mostly fast food)	6,883	6,758	-125	-1.8%
Snack/nonalcoholic (coffee shop)	1,941	2,159	218	11.2%
Food service contactors	1,812	1,521	-291	-16.1%
Bars, alcoholic	1,345	1,271	-74	-5.5%
Mobile food svcs (food cart/truck)	223	305	82	36.8%
Cafeterias, grill buffets/buffets	91	89	-2	-2.2%
Caterers	96	117	21	21.9%
<b>Total eating and drinking</b>	<b>21,482</b>	<b>20,476</b>	<b>-1,006</b>	<b>-4.7%</b>

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

### Monthly restaurant, bar jobs in Alaska compared to 2019



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

At the national level, where job recovery has been far stronger than in Alaska, overall employment has fully recovered to pre-pandemic levels but eating and drinking was still not back to pre-pandemic levels as of August.

### Job recovery looks different depending on the eatery type

Job recovery has varied depending on the type of eating and drinking business. (See the table.) The pandemic was much harder on full-service restaurants, for example, than on food carts and trucks.

Food carts have performed particularly well over the last three years, hitting record job levels in 2022. Consumers who were nervous about or unable to eat indoors at restaurants sought other ways to eat out, such as takeout from food carts and coffee shops.

Snack and nonalcoholic bars, which are mainly coffee shops, also hit record employment in early 2022. Even before the pandemic, though, these types of businesses were on the rise

Continued on page 13

# How hourly wages compare

## Alaska is still in the top 10, but our advantage is shrinking

By NEAL FRIED

Alaska's wages have long been paid at a premium. Historically, like gold, our high wages were legendary — at several points in Alaska's history, they were a huge draw to the state.

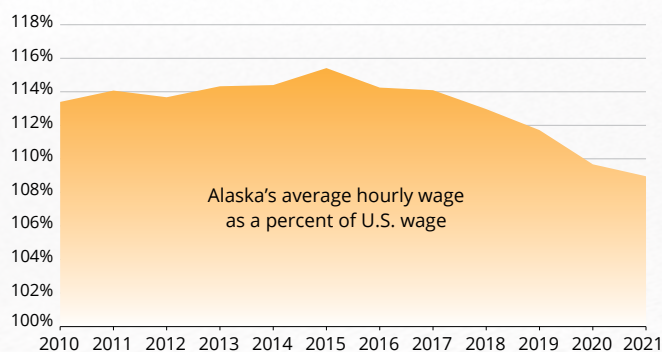
Since the economic bust of the mid-to-late 1980s, Alaska's wage advantage has narrowed. While Alaska wages still rank high among states, they aren't the lure they once were, something that's evident by the past decade's downturn in migration.

### Where Alaska's wages rank

In 2021, Alaska's average wage was \$30.52 per hour. Pay for the 500-plus surveyed occupations ranged from a low of \$12.09 for ushers, lobby attendants, and ticket takers to a high of \$161.97 for surgeons. The median wage for the same period was \$23.47 — the median is the middle value, which unlike the average is not skewed by the highs and lows. The minimum wage last year was \$10.34.

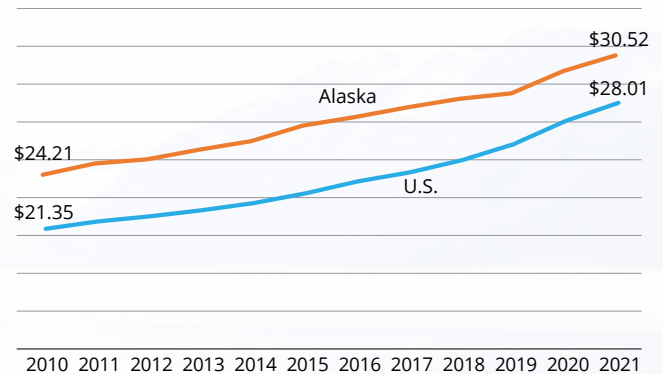
Alaska has remained in the top 10 for many decades, sometimes taking first place, but not in recent years. We ranked eighth nationally last year for average wages, and Alaska was one of nine states

### Alaska, U.S. wage gap is shrinking



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Department of Labor, Bureau of Labor Statistics

### Average hourly wages, 2010-2021



Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Department of Labor, Bureau of Labor Statistics

that topped \$30 an hour. The national average was \$28.01, or less than 10 percent below Alaska.

### Why Alaska's wages are high

Alaska's wages have historically been higher for many reasons, including the higher cost of living, geography, climate, tough working conditions, and periods of strong economic growth.

While the cost of living and remoteness are factors for Alaska, they don't always mean higher wages. Hawaii is also remote with a high cost of living, and its average wage is ranked 14th. Still, overall, most states with high average wages do have above-average costs of living.

### The gap with the U.S. is shrinking

Alaska's average wage lost ground relative to the U.S. in recent years. As mentioned earlier, Alaska's wage in 2021 was about 109 percent of the nation's. That gap was the smallest in more than a decade.

The narrowing isn't surprising given the economic



contrasts over that period. Between 2016 and 2019, the nation's economy prospered as Alaska weathered a state-wide recession and a brief, weak recovery before COVID-19. The pandemic-led recession that followed hit everyone, but Alaska's recovery has lagged behind the nation's.

The big question is how much upward pressure the current, persistent labor shortage will put on average wages everywhere. The hourly wage increases in 2020 and 2021 were the largest in a decade for Alaska as well as the U.S.

## Decade gains smaller when inflation-adjusted

Adjusting for inflation adds further context to Alaska's decade gains. In 2010, our average was \$24.21 an hour, but topping \$30 by 2021 isn't as big of a jump as it appears. Adjusting to 2021 dollars shows the real gain was from \$29.43 to \$30.52. The national increase was slightly higher, with inflation-adjusted wages rising from \$26.53 to \$28.01 an hour.

Neal Fried is an economist in Anchorage. Reach him at (907) 269-4861 or neal.fried@alaska.gov.

## The average hourly wage by state in 2021

State	Average		
1 Massachusetts	\$35.07	24 North Dakota	\$25.67
2 New York	\$33.87	25 Utah	\$25.67
3 Washington	\$33.05	26 Maine	\$25.59
4 California	\$32.94	27 Ohio	\$25.56
5 New Jersey	\$32.27	28 Wisconsin	\$25.54
6 Connecticut	\$31.79	29 North Carolina	\$25.53
7 Maryland	\$31.68	30 Nebraska	\$25.05
<b>8 Alaska</b>	<b>\$30.52</b>	31 Wyoming	\$25.05
9 Colorado	\$30.24	32 Florida	\$24.98
10 Virginia	\$29.97	33 New Mexico	\$24.93
11 Rhode Island	\$29.87	34 Missouri	\$24.71
12 Minnesota	\$29.08	35 Iowa	\$24.59
13 Delaware	\$28.76	36 Nevada	\$24.56
14 Hawaii	\$28.73	37 Indiana	\$24.25
15 Illinois	\$28.68	38 Kansas	\$23.88
16 New Hampshire	\$28.50	39 Montana	\$23.72
17 Oregon	\$28.40	40 Tennessee	\$23.72
<b>U.S. average</b>	<b>\$28.01</b>	41 Oklahoma	\$23.25
18 Pennsylvania	\$26.68	42 Kentucky	\$23.16
19 Vermont	\$26.66	43 Alabama	\$23.13
20 Arizona	\$26.53	44 Idaho	\$23.05
21 Michigan	\$26.52	45 Louisiana	\$22.95
22 Texas	\$26.07	46 South Carolina	\$22.83
23 Georgia	\$25.93	47 South Dakota	\$22.50
		48 Arkansas	\$22.36
		49 West Virginia	\$22.35
		50 Mississippi	\$20.53

Sources: Alaska Department of Labor and Workforce Development, Research and Analysis Section; and U.S. Department of Labor, Bureau of Labor Statistics

## EATING AND DRINKING

Continued from page 11

— it was the industry's fastest-growing category between 2010 and 2019.

Limited-service restaurants, which are mostly fast food places, have also performed better than average and approached full recovery by the first half of 2022. Fast food restaurants quickly adapted to pandemic limitations, as they were better set up for takeout and, in some cases, delivery.

Full-service restaurants are the most labor-intensive, so they continue to grapple with the nationwide worker shortage. Some consumers remain reluctant

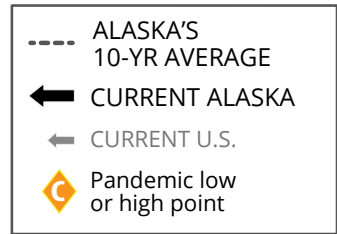
to return to dine-in restaurants, too, and others have shifted their tastes over the last few years.

Alaska has fewer full-service restaurants than before COVID, and their annual employment remains well below 2019 levels. Annual jobs fell from 9,300 to 6,700 in 2020, then ticked back up to 7,800 in 2021.

Bars are also lagging, and their employment had been on a long decline even before COVID. Consumers are still going out for drinks but are increasingly patronizing breweries, distilleries, tasting rooms, and places that serve food as well as alcohol. ([For more on the rise of breweries in Alaska, see the June 2021 issue.](#))

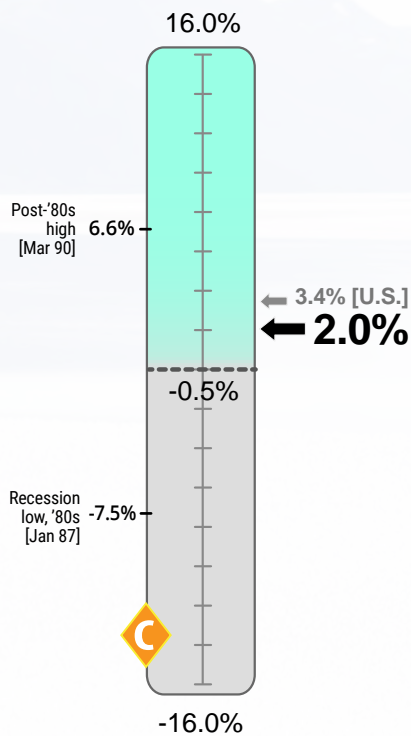
Neal Fried is an economist in Anchorage. Reach him at (907) 269-4861 or neal.fried@alaska.gov.

# Gauging The Economy



## Job Growth

October 2022  
Over-the-year percent change

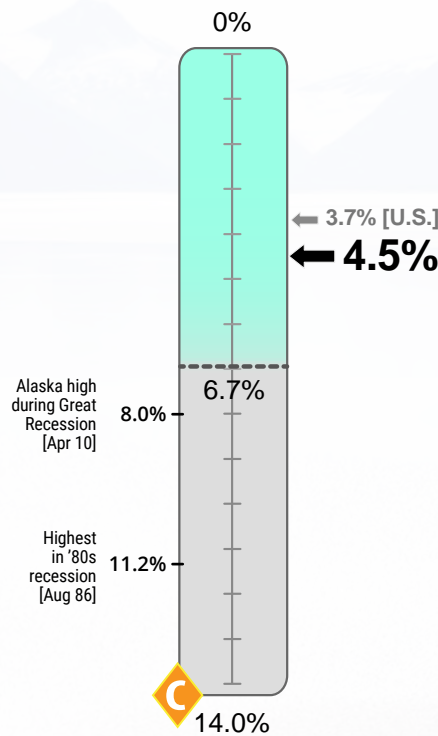


The spread of COVID-19 caused rapid job loss in early 2020. Although employment is up significantly from pandemic lows, it is still 3.3 percent below October 2019.

U.S. employment, which was up 3.4 percent from October 2021, is now 1.2 percent above its 2019 level.

## Unemployment Rate

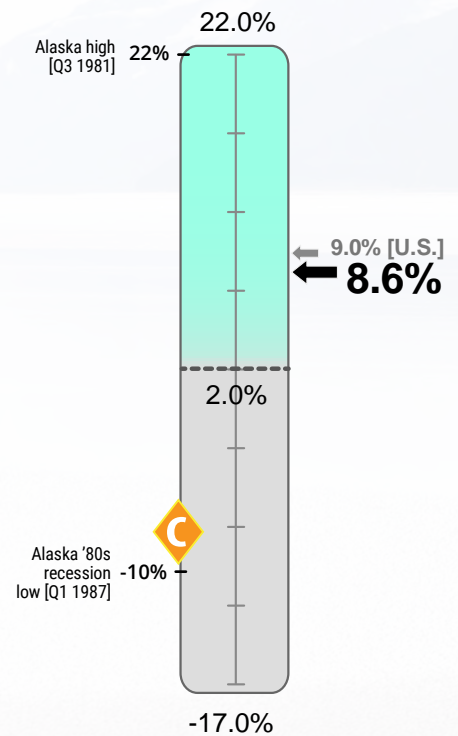
October 2022  
Seasonally adjusted



Alaska's unemployment rate has been less useful as an economic measure during the pandemic and its aftermath because of data collection difficulties.

## Wage Growth

2nd Quarter 2022  
Over-the-year percent change



After being well down during the second and third quarters of 2020, total wages paid by Alaska employers climbed back above year-ago levels in the fourth quarter of 2020.

Wages were up 8.6 percent from year-ago levels in the second quarter of 2022 and 11.6 percent above second quarter 2019.

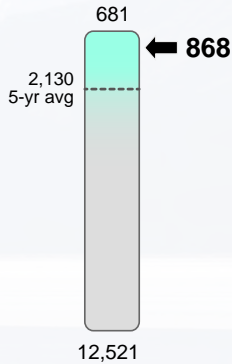


# Gauging The Economy

----- ALASKA'S  
10-YR AVERAGE  
← CURRENT ALASKA

## Initial Claims

Unemployment, week ending Nov. 12, 2022\*

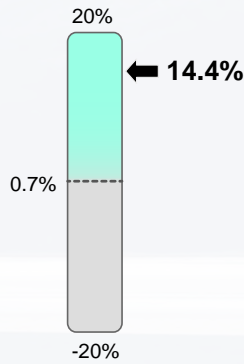


Unemployment claims jumped in the spring of 2020 with the pandemic as many businesses shut down or limited services. Pandemic-driven claims loads have fallen, and new claims for benefits are back below their long-term average.

\*Four-week moving average ending with specified week

## GDP Growth

2nd Quarter 2022  
Over-the-year percent change\*

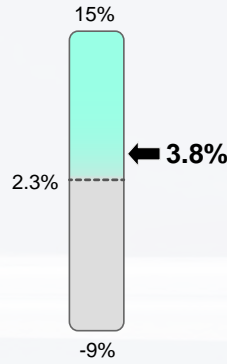


Gross domestic product is the value of the goods and services a state produces. Alaska's GDP fell hard in early 2020 but recovered most of those losses in 2021.

\*In current dollars

## Personal Income Growth

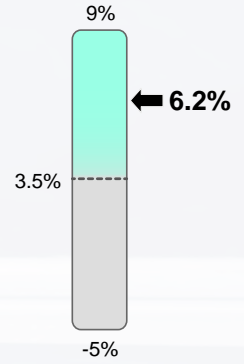
2nd Quarter 2022  
Over-the-year percent change



Personal income consists of three main parts: 1) wages and salaries; 2) dividends, interest, and rents; and 3) transfer payments (payments from governments to individuals).

## Change in Home Prices

Single-family, percent change from prior year, Q1 2022\*

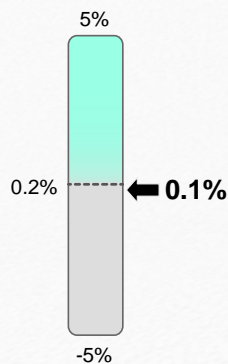


Home prices shown include only those for which a commercial loan was used. This indicator tends to be volatile from quarter to quarter.

\*Four-quarter moving average ending with specified quarter

## Population Growth

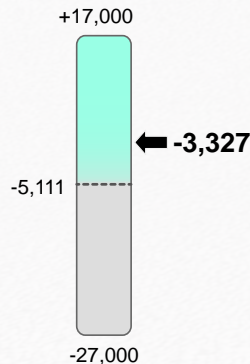
2020 to 2021



After four years of decline, Alaska's population grew slightly in 2021, as natural increase (births minus deaths) slightly exceeded losses from migration.

## Net Migration

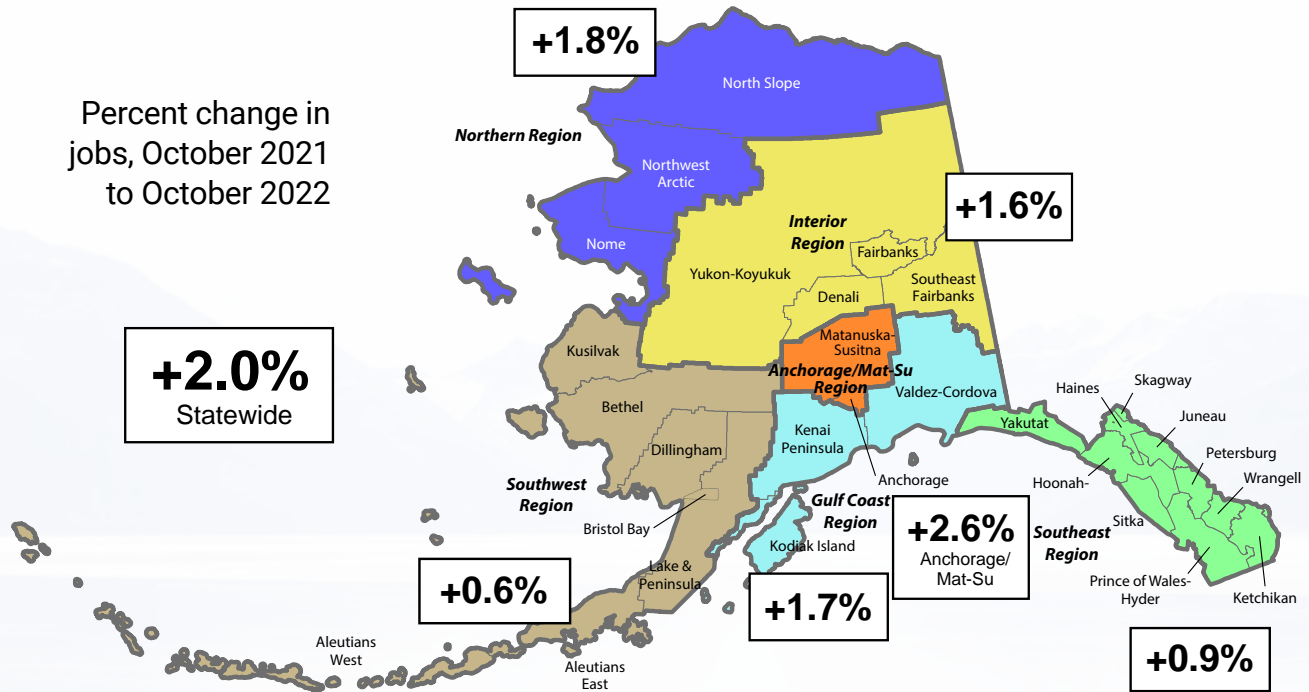
2020 to 2021



The state had net migration losses for the ninth consecutive year in 2021, although the loss was smaller. Net migration is the number who moved to Alaska minus the number who left.

# Employment by Region

Percent change in jobs, October 2021 to October 2022



## Unemployment Rates

Seasonally adjusted

	Prelim.		Revised
	10/22	9/22	10/21
United States	3.7	3.5	4.6
Alaska	4.5	4.4	5.7

Not seasonally adjusted

	Prelim.		Revised
	10/22	9/22	10/21
United States	3.4	3.3	4.3
Alaska	3.8	3.5	5.2

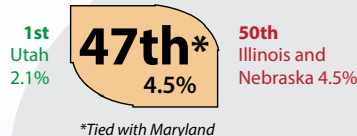
Regional, not seasonally adjusted

	Prelim.			Revised				Prelim.			Revised		
	10/22	9/22	10/21	10/22	9/22	10/21		10/22	9/22	10/21	10/22	9/22	10/21
<b>Interior Region</b>	<b>3.7</b>	<b>3.2</b>	<b>4.8</b>	<b>Southwest Region</b>	<b>6.6</b>	<b>6.5</b>	<b>8.5</b>	<b>Southeast Region</b>	<b>3.4</b>	<b>2.9</b>	<b>4.9</b>		
Denali Borough	10.0	4.6	9.3	Aleutians East Borough	2.1	1.4	2.3	Haines Borough	6.5	5.2	8.6		
Fairbanks N Star Borough	3.3	2.9	4.3	Aleutians West Census Area	3.8	3.0	4.2	Hoonah-Angoon Census Area	4.9	3.9	6.8		
Southeast Fairbanks Census Area	4.4	4.2	5.9	Bethel Census Area	8.1	9.0	11.1	Juneau, City and Borough	2.6	2.2	3.7		
Yukon-Koyukuk Census Area	7.5	7.4	9.8	Bristol Bay Borough	3.8	2.9	6.5	Ketchikan Gateway Borough	3.8	3.3	5.7		
<b>Northern Region</b>	<b>6.6</b>	<b>7.1</b>	<b>8.1</b>	Dillingham Census Area	6.2	5.1	7.4	Petersburg Borough	4.2	4.1	6.9		
Nome Census Area	6.3	7.1	8.0	Kusilvak Census Area	11.2	13.0	16.4	Prince of Wales-Hyder Census Area	5.1	5.1	6.7		
North Slope Borough	5.0	5.0	6.4	Lake and Peninsula Borough	5.9	4.7	7.2	Sitka, City and Borough	2.7	1.8	3.7		
Northwest Arctic Borough	8.7	9.1	9.9	<b>Gulf Coast Region</b>	<b>4.6</b>	<b>3.9</b>	<b>6.0</b>	Skagway, Municipality	7.7	5.0	10.9		
<b>Anchorage/Mat-Su Region</b>	<b>3.4</b>	<b>3.2</b>	<b>4.8</b>	Kenai Peninsula Borough	4.6	4.0	6.0	Wrangell, City and Borough	4.6	3.8	6.7		
Anchorage, Municipality	3.1	2.9	4.6	Kodiak Island Borough	3.7	3.2	5.2	Yakutat, City and Borough	4.2	3.4	6.9		
Mat-Su Borough	4.2	3.9	5.5	Chugach Census Area	4.2	2.7	5.9						
				Copper River Census Area	10.9	7.4	9.1						

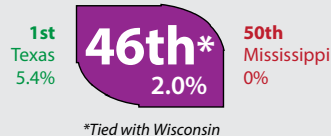


# How Alaska Ranks

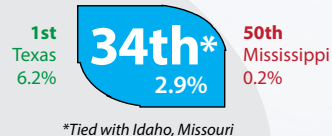
## Unemployment Rate<sup>1</sup>



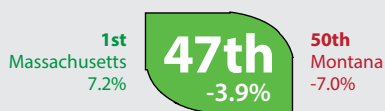
## Job Growth<sup>2</sup>



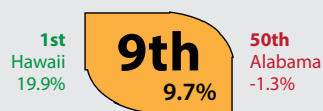
## Job Growth, Private<sup>2</sup>



## Job Growth, State Government<sup>2</sup>



## Job Growth, Leisure and Hospitality<sup>2</sup>



Note: Government employment includes federal, state, and local government plus public schools and universities.

<sup>1</sup>October seasonally adjusted unemployment rates

<sup>2</sup>October employment, over-the-year percent change

Sources: U.S. Bureau of Labor Statistics; and Alaska Department of Labor and Workforce Development, Research and Analysis Section

## Other Economic Indicators

	Current	Year ago	Change	
<b>Urban Alaska Consumer Price Index</b> (CPI-U, base yr 1982=100)	252.271	1st half 2022	232.679	+8.4%
<b>Commodity prices</b>				
Crude oil, Alaska North Slope, * per barrel	\$93.06	Oct 2022	\$84.37	+10.3%
Natural gas, Henry Hub, per thousand cubic feet (mcf)	\$6.09	Oct 2022	\$5.38	+13.2%
Gold, per oz. COMEX	\$1,754.80	11/23/2022	\$1,786.90	-1.8%
Silver, per oz. COMEX	\$21.23	11/23/2022	\$23.34	-9.8%
Copper, per lb. COMEX	\$3.62	11/23/2022	\$4.24	-14.6%
Zinc, per lb.	\$1.32	11/23/2022	\$1.50	-12.0%
Lead, per lb.	\$0.95	11/23/2022	\$1.03	-7.8%
<b>Bankruptcies</b>				
Business	54	Q3 2022	40	+35%
Personal	3	Q3 2022	2	+50%
Personal	51	Q3 2022	38	+34.2%
<b>Unemployment insurance claims</b>				
Initial filings	5,129	Oct 2022	6,779	-24.3%
Continued filings	19,637	Oct 2022	29,899	-34.3%
Claimant count	4,742	Oct 2022	7,428	-36.2%

\*Department of Revenue estimate

Sources for this page and the preceding three pages include Alaska Department of Labor and Workforce Development, Research and Analysis Section; U.S. Bureau of Labor Statistics; U.S. Bureau of Economic Analysis; U.S. Energy Information Administration; Kitco; U.S. Census Bureau; COMEX; NASDAQ; Alaska Department of Revenue; and U.S. Courts, 9th Circuit

# ALASKA MARIJUANA

Continued from page 8

isolated and protected from outside players, meaning out-of-state products could be sold in Alaska and Alaskans could presumably purchase marijuana from other states and receive it in the mail. Opening Alaska's market could cut profits for in-state businesses, which would have to compete in the national market with larger producers.

While federal legalization has been debated with increasing frequency as more states legalize recreational marijuana use, there is clear direction at the national level. (For more on marijuana laws around the United States and in other countries, see the next page.)

## How cannabis products are taxed

---

Alaska's marijuana taxation is complex. The State of Alaska taxes cannabis after cultivation, and localities can also tax growers and consumers. (See the taxation table on page 8.)

The state collects excise tax from growers when they transfer or sell cannabis to manufacturing facilities or stores. Initially, the state taxed flower, the highest-value part of the plant, at \$50 per ounce, and leaves and trim (used to manufacture food and concentrates) at \$15 per ounce.

Alaska revised the tax structure in 2019 to \$50 per ounce for mature buds or flowers, \$25 per ounce for immature or abnormal buds, \$15 per ounce for trim, and a flat \$1 each for clones. A clone is a plant clipping used to grow a new plant.

Alaska has collected more than \$119 million in cannabis excise tax since the industry's inception, which all goes into the state's general fund. Half is earmarked for the Recidivism Reduction Fund, authorized in 2016 by Senate Bill 91 as part of a criminal reform package. The other half is available for unrestricted general fund use.

From its inception in 2016 through 2021, the Recidivism Reduction Fund, which is not specifically marijuana-focused, has collected more than \$42 million. The Department of Public Safety, the Department of Corrections, and the Department of Health and Social Services all receive some of the funds, which are used for programs intended to reduce the number of Alaskans who reoffend through a variety of supports and interventions.

In 2018, the Alaska Legislature passed Senate Bill 104, which required that 25 percent of the state's marijuana taxes go into the Marijuana Education and Treatment Fund. Over the first three years, the fund collected \$17.5 million. The money goes to an array of programs — not all directly marijuana-related — including mental health care, addiction treatment, detoxification, after-school programs, and youth services.

Local governments can also levy taxes, and 16 areas did so in 2021, collecting a combined \$10.5 million. Local governments can choose to levy their own excise tax, charge consumers a marijuana tax, and assess a local sales tax if there is one. Juneau, for example, has a 5 percent sales tax and a 3 percent marijuana tax. Fairbanks and Anchorage collect 5 percent in marijuana tax, but neither has a local sales tax. Houston charges no marijuana tax or sales tax on consumers, but does charge an excise tax.

Karinne Wiebold is an economist in Juneau. Reach her at (907) 465-6039 or [karinne.wiebold@alaska.gov](mailto:karinne.wiebold@alaska.gov).



# EMPLOYER RESOURCES

## Rapid Response services mitigate layoff impacts

Many Alaska employers, like those nationally, have faced a host of obstacles during the COVID-19 pandemic with temporary or permanent business closures, worker layoffs, and worker shortages.

The Alaska Department of Labor and Workforce Development Rapid Response team's mission is to provide proactive customized strategies, support, and assistance to businesses, communities, families, and individuals to avoid or minimize the impacts of job loss and closures. The team focuses on helping employers and employees when times get tough, responding to announcements of layoffs and business closures by quickly coordinating services and providing immediate aid to companies and their affected workers.

Working with the Rapid Response team before a layoff can connect your business and employees

with information, services, and programs geared toward continued employment or rapid reemployment, including:

- Incumbent worker training
- Job search assistance
- Resume preparation and interviewing skills workshops
- Local labor market information
- Education and training opportunities
- Unemployment insurance benefits

For more about Rapid Response, [click here](#), email [dol.rrteam@alaska.gov](mailto:dol.rrteam@alaska.gov) or [contact your local Alaska Job Center here](#).

*Employer Resources is written by the Employment and Training Services Division of the Alaska Department of Labor and Workforce Development.*



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

**Department of Commerce,  
Community, and Economic  
Development**

ALCOHOL AND MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

October 21, 2022

The Honorable Michael Dunleavy  
Governor  
State of Alaska  
550 W. 7<sup>th</sup> Avenue, Suite 1700  
Anchorage, Alaska 99501

Re: Coordinated Response to Hemp Based Delta-9 Edible Products

Dear Governor Dunleavy:

In June 2022, the Alaska Marijuana Industry Association and the Marijuana Control Board wrote you regarding their mutual concern of hemp derived, impairing delta-9 THC products entering into the Alaska marketplace. You requested representatives from the Alcohol & Marijuana Control Office and Alaska's State Hemp Plan to meet to discuss the following: (1) the presence and prevalence of hemp-derived, impairing delta-9 products in Alaska in both the legal hemp market and the unregulated hemp market; (2) information on potential access by individuals under the age of 21 to hemp-derived, impairing delta-9 products; and (3) should AMCO and the State Hemp Plan believe any dangers to the public might occur, short-term and long-term solutions to address the presences of these products.

Robert Carter, the State of Alaska' chief agronomist and manager of the State Hemp Plan, Joan Wilson, AMCO's Director, met regularly from July 2022 through October 2022. Also included were representatives from the Alaska Department of Health, including Eliza Muse, Public Health Specialist, Marijuana Education Program Manager, the Department of Natural Resources, the Marijuana Control Board, specifically Board Chair Nicholas Miller, and the Department of Law.

Our joint report is as follows:



## **The Presence and Prevalence of Hemp-Derived, Delta-9 Products in Alaska**

State Hemp Plan Endorsed Products. The State Hemp Plan has approved 1,850 hemp products for sale in the State of Alaska. Upon additional review for purposes of this analysis, the State Hemp Plan rescinded its prior approval of 6 products that exceeded the regulatory limitation of not more than 50 milligrams of delta-9 THC per package. Of the remaining 1,844 products, 700 products were full-spectrum hemp oils or extracts that contain higher levels of delta-9 THC.<sup>1</sup>

Of the 700 products containing full-spectrum hemp oils, all but three product lines contained moderate levels of delta-9 THC (ranging between 0.25 to 2.28 milligrams per serving and no more than 24.8 milligrams per package).

The three product lines containing higher levels of delta-9 THC contain between 4.68 milligrams per serving and 15.66 milligrams per serving. An example of a State Hemp Plan-approved, higher-level delta-9 content product follows:



---

<sup>1</sup> The remaining 1,444 approved products do not raise a concern because of their low content of delta-9 THC or because they are not intended for human or animal consumption.

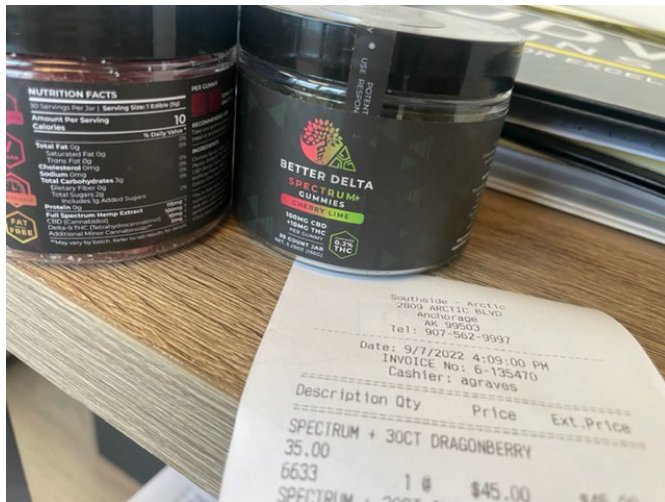
Through manufacturer choice alone (that is, it is not a State Hemp Plan requirement), these products are sold solely in licensed marijuana retailer stores. As such, lawful access to individuals under the age of 21 is prohibited.

### **Minors Have Access to High-Potency, Delta 9-THC Products**

Web Accessible, High-Potency Delta-9 THC Products. Hemp-derived products capable of impairment are readily available online. While some websites request that purchasers verify that they are over the age of 21, purchasers can just check “yes, I’m over 21,” regardless of their age, and make the purchase. Neither the State Hemp Plan nor AMCO permit these sales. It is difficult to bring enforcement actions against these online vendors.

### Hemp-Approved Retailers in Alaska Unlawfully Selling Unendorsed Hemp Products.

Notwithstanding what appears to be positive news about the limited amount of higher content, delta-9 THC products lawfully entering into the Alaska marketplace, recent buys show that some retailers registered under the State Hemp Plan are unlawfully selling unendorsed and impairing products. The below product was recently purchased from a registered retailer in Anchorage.



This product contains 300 milligrams of delta-9 THC at 10 milligrams per serving. The Marijuana Control Board permits no more than 100 milligrams of delta-9 THC per package and 10 milligrams per serving.<sup>2</sup>

---

<sup>2</sup> Another retailer, registered under the State Hemp Plan and located in Wasilla, also is being investigated for these unlawful sales.

There are no age restrictions for individuals to purchase endorsed products from retailers that are registered under the State Hemp Plan.<sup>3</sup> When a registered retailer sells unendorsed products, the retailer violates the law. Because there is no age restriction to purchase hemp-derived products, a minor can purchase these unendorsed (and therefore unlawful-to-sell) products without personally violating the law.<sup>4</sup>

### **Short-Term and Long-Term Solutions**

AMCO, the State Hemp Plan, and the Department of Health agree that impairing, high-potency delta-9 hemp products are in the Alaska marketplace. They are accessible to all Alaskans, including our youth, through (1) unregulated internet sales and (2) unlawful sale of unendorsed products by registered retailers. In addition, three product lines approved by the State Hemp Plan could lawfully be sold in Alaska, regardless of age, should the manufacturers of the products decide to sell the products in locations other than licensed marijuana establishments. Moreover, under current hemp plan regulations, one single-serving product could contain 50 milligrams of delta-9 THC, which is five times the legal limit of a recreational marijuana serving (but half the amount of a per-product limit).<sup>5</sup>

**AMCO, the State Hemp Plan, and the Department of Health conclude that the problem outlined above requires both a short-term and a long-term solution on an accelerated schedule.**

Short-Term Solution. The State Hemp Plan is working with the Department of Law, Legislation, Regulations, and Legislative Research Section to develop a draft regulation package, public notice, additional regulation notice information, and fiscal note addressing milligram per serving-size limits for various products, as well as packaging and labeling requirements that are similar to the Marijuana Control Board regulations.

Long-Term Solution: One Plant, One Regulator. The proliferation of unregulated or under-regulated high-delta-9 THC hemp products in edible form concerns AMCO, the State Hemp Plan, and the Department of Health particularly because these products are

---

<sup>3</sup> Because age-restrictions to purchase endorsed products were not included in the legislation authorizing the State Hemp Plan, the Department of Natural Resources cannot implement the restriction through regulations.

<sup>4</sup> The State Hemp Plan is issuing a stop order requiring removal of these products from hemp plan registered retailers and a notice of violation this week.

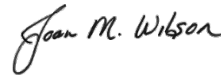
<sup>5</sup> The concern about “per product” and “per serving” focuses on the consumer’s ability to regulate the amount of THC being ingested at once. The Marijuana Control Board regulates both. State Hemp Plan currently only regulates “per individual product.”

accessible to minors. Both AMCO and the State Hemp Plan are cognizant that neither can stop all unregulated sales. That said, both AMCO and the State Hemp Plan agree that AMCO is better positioned to address the concerns outlined above and enforce regulations regarding hemp-based products intended for human or animal consumption. As such, under a “one plant, one regulator” approach, AMCO would enforce regulations regarding the retail sale of cannabis and cannabis products intended for human or animal consumption, whether it be in the form of recreational marijuana or industrial hemp. This would require a statutory change, particularly with regard to the jurisdiction of the Marijuana Control Board and the State Hemp Plan. We intend to bring this recommendation to the Marijuana Task Force you recently commissioned to report to you in advance of the next legislative session.

### **Conclusion**

We jointly submit this analysis to you. We look forward to working with you to best protect Alaskans.

Respectfully,



Joan M. Wilson  
AMCO Director



Robert T. Carter  
State Hemp Plan Manager

cc: Commissioner Julie, Sande (DECD)  
Commissioner Adam Crum (DOH)  
Acting Commissioner Akis Gialopsos (DNR)  
Deputy Commissioner Micaela Fowler (DECD)  
Deputy Commissioner Brent Goodrum (DNR)  
Chief Medical Officer Dr. Anne Zink (DOH)  
Acting Division of Agriculture Director Mia Kirk (DNR)  
Brandon Brefczynski, Deputy Chief of Staff (Gov)  
Tyson Gallagher, Chief of Staff (GOV)  
John Espindola, Special Assistant (GOV)  
Nicholas Miller, Marijuana Control Board Chair