



MEMORANDUM

TO: The Marijuana Control Board

DATE: March 3, 2023

FROM: Joan M. Wilson

RE: Director's Report

Introduction

This report details AMCO activities from the last regular meeting of the Marijuana Control Board on December 13 -14, 2022, to the present.

Staff Updates

Carrie Craig will update the ABC Board on changes to Licensing staff, and Maya Ali will do the same with changes in the Administration team.

In the meanwhile, I am happy to announce three changes that will enhance AMCO, our services, and our responsiveness to licensees,

Jane Sawyer is formerly appointed as Program Coordinator I for AMCO. That leaves the regulations specialist position now open, but Kristina Serezhenkov applied for, was offered, and graciously agreed to serve as AMCO's Acting Regulations Specialist. We are currently recruiting candidates for the full-time position. Last, we are joined this meeting with Gabriel Gonzales, our new Local Government Specialist. With Janyce Ibele, the Project Assistant for the Title 4 Rewrite, AMCO's Education and Outreach Team is fully staffed.

Gov2Biz Selected As Online Licensing System Vendor

After a competitive bid process that brought a number of proposals, I am also happy to announce that Gov2Biz is the successful bidder for the online licensing system contract. Gov2Biz recently designed and successfully implemented a new online licensing system for the Texas Alcoholic Beverage Control Commission.

We welcome them to our team. Our contract is signed. AMCO's held its kick-off meeting with Gov2Biz on Tuesday, February 28, 2023 and followed that up with a series of system immersion meetings on alcoholic beverage licensing, marijuana licensing, and enforcement.

The project is divided into three tiers, with the alcoholic beverage licensing system being built first, followed by marijuana licensing, and next by the enforcement case management system. I do expect the development of the marijuana licensing system to begin this summer at the same time we are testing the program for alcoholic beverage licensees.

Enforcement

Chief Hoelscher will provide this report. Chief Hoelscher will be available virtually to address any questions, but Investigator Steve Johnson will be on site to answer additional board questions.

Pertinent to Enforcement, the Department of Law has completed a rekey of the enforcement regulations this Board approved. The changes are technical in nature and not substantive. Thus, the Department of Law has revised its procedures to no longer require boards to approve rekeys before they are submitted to the Lieutenant Governor. I will be able to explain the revisions to the Board when we discuss regulations projects later in the meeting.

Licensing Queue and Renewals

Ms. Sawyer will address the status of the marijuana licensing queue and renewals in her report. I also direct the board's attention to a letter from a licensee expressing ongoing concerns with timeliness. We do believe the new licensing system will be a game changer for this office. That said, we, Ms. Craig, and Ms. Sawyer, in particular, are continually training new staff and as part of that training need to provide a second level of application review. As we develop the budget for Fiscal Year 2025, we will be proposing position changes that will better enable us to retain our excellent employees and improve the timeline of application review.

Governor's Advisory Taskforce on Recreational Marijuana

The Governor's Advisory Taskforce on Recreational Marijuana provided its [final report](#) on January 13, 2023. Late in this meeting, Task Force Co-Chairs Brandon Emmett and Jana Weltzin will summarize Taskforce recommendations and the status of proposed legislation to implement those recommendations. I will also discuss ongoing efforts, short of legislation, with the Department of Natural Resources, Division of Agriculture to address the presence of intoxicating hemp products in Alaska.

Local Government Education and Outreach

Gabriel Gonzales has begun his outreach to local governments. While our initial focus has been on alcoholic beverage licensing matters, a marijuana licensing concerns are on the horizon. We

welcome comments from the Board on local government issues that are of concern to its members. Our outreach also extends to community councils.

Regulations

As you will see, many draft regulations are before the Board this meeting, including draft regulations on: (1) drive-through services at retail stores; (2) back-up batteries in times of power breaks for surveillance and related security concerns; (3) breastfeeding infants on licensed premises (licensee’s and employee’s infants only); (4) revoking acceptance of marijuana and marijuana products; (5) stops that will not be considered “unnecessary” during marijuana and marijuana product transports: and (4) signage to follow local government requirements. In addition, Ms. Sawyer, Investigator Johnson, and I will summarize the enforcement rekey and discuss implementation of the same after the rekeyed regulations are sent to the Lieutenant Governor.

Online Payments

AMCO is now able to process online marijuana licensing payments effective February 28, 2023. In addition to being able to accept ad-hoc marijuana credit card payments since December 2022, all online new/renew applications for handlers and licenses can now pay online as part of their application process. In particular, we owe our thanks to Zach Essary and Joel Jacobson of Department of Commerce’s information technology team and to Maya Ali and Annaruth Wood of our Administration team for testing and then expanding AMCO’s capabilities. Ms. Ali will address any additional questions board members might have.

FY 2024 Proposed Budget

In House Bill 39, the Governor has proposed for Fiscal Year 2024 an operating budget of \$4.469,600. The total amount appropriated by this appropriation includes the unexpended and unobligated balance on June 30, 2023, not to exceed the amount appropriated for the fiscal year ending on June 30, 2024, of program receipts from the alcoholic beverage and marijuana application and licensing fees.

Budget request increases are as follows.

FY2024 Operating Budget Changes	Amount (\$)	Funding Source	Impacts
Replace critical office equipment	+\$20,000.00	1005 GF Program Receipts (DGF)	Replace aging copier and add scanners to advance electronic file retention.
Training from national alcohol and	+20,000.00	1005 GF Program	Industry-standard training and information sharing to ensure Alaska’s alcohol and marijuana regulation and oversight is

cannabis regulatory organizations		Receipts (DGF)	appropriate, efficient, and on-pace with current industry activity.
Year 2 Fiscal Note for SB9 Alcohol Regulation	+\$175,200.00 +1 PFT	1005 GF Program Receipts (DGF)	Continued implementation of the SB9 (2022's Title 4 rewrite), including one Special Investigator position.
Total FY2024 Operating Budget Changes		+\$21,200.00 +1 PFT	

I attached the breakdown of the Fiscal Year 2023 budget for comparison.

I will discuss with the Board the proposals that this Legislature will not be considering at this time and address how we might support these proposals going forward.

Chair Miller will also discuss holding a special meeting with this Board to address whether licensing fees will be outpacing the costs of running AMCO in future fiscal years and how to redress the same.

Conclusion and Next Meeting

The next regularly scheduled meeting of the Marijuana Control Board meeting is June 1-2, 2023, in Anchorage, Alaska.

2023 Legislature - Operating Budget Transaction Change Detail - Governor Structure

Agency: Department of Commerce, Community and Economic Development

Numbers and Language

**Appropriation: Alcohol and Marijuana Control Office
Allocation: Alcohol and Marijuana Control Office**

Transaction Title	Trans Type	Total Expenditure	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants	Misc	PFT	PPT	TMP
* * * FY23 Conference Committee * * *												
FY23 Conference Committee	ConfCom	3,991.4	2,503.9	135.0	1,236.8	115.7	0.0	0.0	0.0	22	0	0
1004 Gen Fund (UGF)		38.1										
1005 GF/Prgm (DGF)		3,953.3										
FY23 Conference Committee Total		3,991.4	2,503.9	135.0	1,236.8	115.7	0.0	0.0	0.0	22	0	0
* * * Changes from FY23 Conference Committee to FY23 Authorized * * *												
Alcoholic Beverage Control: Alcohol Reg Ch8 SLA2022 (SB9) (Sec2 Ch11 SLA2022 P48 L25 (HB281))	FisNot23	244.9	158.1	8.8	58.0	20.0	0.0	0.0	0.0	1	0	1
1005 GF/Prgm (DGF)		244.9										
FY2023 Exempt 5% COLA	SalAdj	8.7	8.7	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1005 GF/Prgm (DGF)		8.7										
Transfer Unallocated Rate Adjustments to Alcohol and Marijuana Control Office	Unalloc	9.4	0.2	0.0	9.2	0.0	0.0	0.0	0.0	0	0	0
1004 Gen Fund (UGF)		0.2										
1005 GF/Prgm (DGF)		9.2										
FY23 Authorized Total		4,254.4	2,670.9	143.8	1,304.0	135.7	0.0	0.0	0.0	23	0	1
* * * Changes from FY23 Authorized to FY23 Management Plan * * *												
Align Authority with Anticipated Expenditures	LIT	0.0	70.0	-8.8	-41.2	-20.0	0.0	0.0	0.0	0	0	0
FY23 Management Plan Total		4,254.4	2,740.9	135.0	1,262.8	115.7	0.0	0.0	0.0	23	0	1
* * * Changes from FY23 Management Plan to FY24 Adjusted Base * * *												
Align Authority with Anticipated Personal Services Costs	LIT	0.0	99.8	0.0	-99.8	0.0	0.0	0.0	0.0	0	0	0
FY24 Adjusted Base Total		4,254.4	2,840.7	135.0	1,163.0	115.7	0.0	0.0	0.0	23	0	1
* * * Changes from FY24 Adjusted Base to 24Gov * * *												
Year 2 Alcoholic Beverage Control: Alcohol Reg Ch8 SLA2022 (SB9) (Sec2 Ch11 SLA2022 P48 L25 (HB281))	Inc	175.2	109.2	10.0	41.0	-10.0	25.0	0.0	0.0	1	0	0
1005 GF/Prgm (DGF)		175.2										
National Training from Cannabis Regulators Association and National Conference of State Liquor Administrators (NCSLA)	Inc	20.0	0.0	0.0	20.0	0.0	0.0	0.0	0.0	0	0	0
1005 GF/Prgm (DGF)		20.0										
Replace Critical Office Equipment	IncOTI	20.0	0.0	0.0	0.0	20.0	0.0	0.0	0.0	0	0	0
1005 GF/Prgm (DGF)		20.0										
24Gov Total		4,469.6	2,949.9	145.0	1,224.0	125.7	25.0	0.0	0.0	24	0	1