



MEMORANDUM

TO: Marijuana Control Board DATE: May 23, 2023

FROM: Jane P. Sawyer, Program Coordinator RE: Regulations Project –
For Joan M. Wilson, Director Revocation of acceptance.
Transportation.

The board opened this project at its December 2022 meeting. At the March 2023 meeting this project was tabled. The project is the result of discussions held with the public/licenseses regarding Article 7.

The attached draft is for board discussion and it addresses revocation of acceptance in several provisions and unnecessary stops when transporting product.

Options for the board:

- Put out for public comment
- Amend and put out for public comment
- Send back to staff for revisions
- Close the project

(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 acceptance of 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

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1.LII

2.Uniform Commercial Code

1.§ 2-608. Revocation of Acceptance in Whole or in Part.

§ 2-608. Revocation of Acceptance in Whole or in Part. Primary tabs

(1) The buyer may revoke his acceptance of a lot or commercial unit whose non-conformity substantially impairs its value to him if he has accepted it

- (a) on the reasonable assumption that its non-conformity would be cured and it has not been seasonably cured; or
- (b) without discovery of such non-conformity if his acceptance was reasonably induced either by the difficulty of discovery before acceptance or by the seller's assurances.

(2) Revocation of acceptance must occur within a reasonable time after the buyer discovers or should have discovered the ground for it and before any substantial change in condition of the goods which is not caused by their own defects. It is not effective until the buyer notifies the seller of it.

(3) A buyer who so revokes has the same rights and duties with regard to the goods involved as if he had rejected them.

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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 306.330(a) is amended to read:

(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,

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transfer to another licensed marijuana establishment, or disposal of the batch of marijuana or lot of marijuana product.

3 AAC 306.330(b) is amended to read:

(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.

(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

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(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 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/marijuana establishment that was revoked after accepted by the licensed retail store/marijuana establishment for which a marijuana cultivation facility already paid the excise tax required under AS 43.61.010 and 43.61.020.**

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(Eff. 2/21/2016, Register 217; am ___/___/_____, Register _____)

Authority: 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:

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(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 or another marijuana product manufacturing facility;

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(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

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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 or another marijuana product manufacturing facility; 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 306.750(d) is amended to read:

(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**

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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 stops does not include stops 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 stops does not include the delivery or deposit of monetary receipts at financial institutions or payment of excise taxes to the State of Alaska.

(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