



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

**MEMORANDUM**

**TO:** The Marijuana Board  
**DATE:** May 18, 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 March 8 - 9, 2023, to the present.

As you will see, the office has been very busy, and we have much planned for the future.

**Licensing**

The AMCO office has long been grappling with vacancies, but I am happy to report that our administration and licensing team are now fully staffed. We are pleased to have Bryce Johnson, Tricia Gilliland, and Sonya Irwin join our current team of Maya Ali, Annaruth Wood, Donavan Bennett-Smith, Sam Carrell, Audrey Saylor, Regina Cruz, and Carrie Craig and have brought on a short-term employee, Mary Stallone, to assist with our application backlog and the new license renewal season. In addition, our Title 4 Rewrite Program Manager, Janyce Ibele, has jumped into the void to help.

With three examiners dedicated to marijuana licensing, I am happy to report progress with our queue.

## MCB Queue Metrics 5/10/2023

TYPE OF APPLICATION	NUMBER OF APPLICATIONS IN THE Q
New Applications	10 – oldest in queue is dated February 2023
License Transfer Applications (includes transfer of location)	7 – oldest in queue is dated January 2023
Conversion Applications	0
Onsite Consumption Endorsement	0
MJ-13 Business Name Change Applications	1 – dated April 2023
MJ-15 Operating Plan Change Applications	7 – oldest in queue is dated January 2023
MJ-16 New Product Applications	4 packets – oldest in queue is dated January 2023
MJ-17 Ownership Changes Applications	14 – oldest in queue is dated February 2023
<b>Total</b>	<b>33</b>

As of this writing, 26 applications are assigned to examiners. In our last report, 45 applications were in the queue and 16 were assigned to examiners. We will continue to become more efficient, but we have reduced the length of the queue by 25 percent. If the Board has already delegated approval of the application to the Director, these applicants need not wait for the next board meeting.

As the Board is aware, our new licensing system, AK-ACIS, is in development. Gov2Biz will hold an immersion session with marijuana licensing examiners in July to test the new program. We intend to reach out to a selection of licensees in late July to early August to test the applicant portal. If we continue to meet benchmarks, this system will go live for applicants in autumn.

### **Enforcement**

Chief Hoelscher and Investigator Johnson will update the Board on new developments within the Enforcement Unit.

### **Regulations**

Kristina Serezhenkov now serves as AMCO's Regulations Specialist. Her work product is excellent. She works directly under Jane Sawyer's mentorship.

This Board is very active in proposing and adopting regulations. Given that level of engagement, Ms. Sawyer and I will explain how changes in the Department of Law's drafting manual will impact your projects and the timeline for submitting regulations to public comment.

### **Intoxicating Hemp Products**

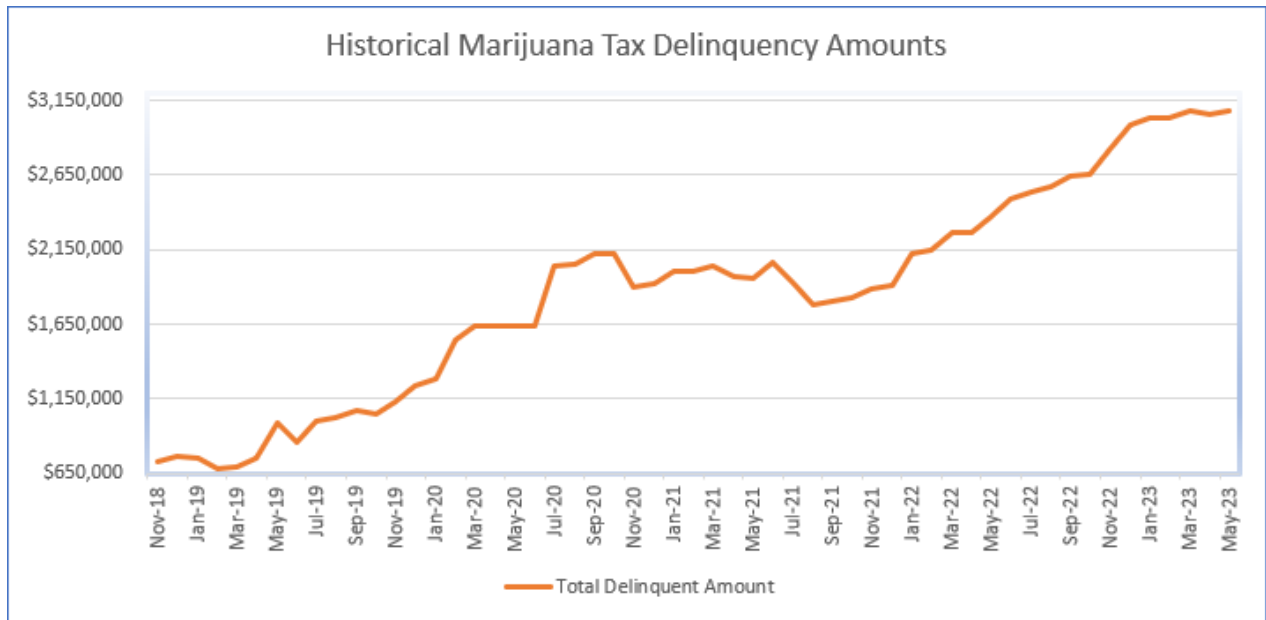
Intoxicating Hemp Products remains a priority for AMCO. We have entered into a memorandum of understanding (MOU) with the Division of Agriculture in which we will cease orders to unregistered sellers and give notices of violations to hemp plan registrants selling prohibited products.

The Division of Agriculture has trained AMCO on its program. We have requested one joint inspection exercise before AMCO takes on this work singlehandedly. As of this writing, it has not yet occurred; it is my intent that this joint inspection shall occur in advance of the next Board meeting.

Regulatory changes have been proposed by the Division of Agriculture, that should speak to all the concerns voiced by this Board and licensees. It is my hope they will be released by the Division of Agriculture for public comment, in advance of the meeting.

### **Tax Matters and Waivers**

The following figures from the Department of Revenue, Tax Division are distressing:



As this Board has requested, AMCO has begun issuing accusations to revoke or suspend marijuana licenses, should the license appear on the Department of Revenue tax report for three months consecutively, and remain delinquent (i.e., not paid in full or compliant with a payment plan) at the time of accusation drafting.

I propose filing accusations against licensees once they exceed \$5,000 in outstanding tax liability. The Board may want to consider whether to impose a threshold amount and, if so, does it consider this amount to be appropriate.

This is the first renewal season where an applicant must sign waiver language to permit the Department of Revenue Tax Division to provide the Board information on outstanding tax liability of both the applicant and other licenses operated by the applicant.

Counsel for licensees has expressed concern about the breadth of the waiver, which you will likely hear about in public comment. AMCO has already negotiated a narrowing of the waiver with the Department of Revenue and that is reflected in the waiver language. According to the Department of Revenue, the waiver as written will permit it to provide to the Board the details it believes are germane to license renewals. As Director, I concur. Unless directed otherwise, we will not deem applications incomplete for failure to sign the waiver. However, the Board can consider how to redress an applicant's concerns when it hears from the applicant.

**FY 2024 Proposed Budget**

As of this writing, the Governor’s proposed Fiscal Year 2024 budget for AMCO has not changed. If approved, the expected operating budget is \$4,469,600.

Budget request increases are as follows:

<b>FY2024 Operating Budget Changes</b>	<b>Amount (\$)</b>	<b>Funding Source</b>	<b>Impacts</b>
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 cannabis regulatory organizations	+20,000.00	1005 GF Program Receipts (DGF)	Industry-standard training and information sharing to ensure Alaska’s alcohol and marijuana regulation and oversight is 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.
<b>Total FY2024 Operating Budget Changes</b>		<b>+\$21,200.00 +1 PFT</b>	

With FY 2024 in place, AMCO’s next focus is for FY 2025. New proposals will be geared toward enforcement priorities (as discussed in the past) and office staff retention/satisfaction.

**Marijuana Control Board Sunset Audit**

Unless extended by the Legislature, the Marijuana Control Board is due to sunset June 30, 2024. To advise the Legislature on whether the Board should be extended, the Legislative Budget and Audit Committee, Division of Legislative Audit is conducting an audit as required by AS 44.66.050(a). This audit focuses on whether the Board and AMCO are achieving statutory and regulatory objectives set out in AS 17.38 and 3 AAC 306.

AMCO has been busy providing requested documents, electronic access, and interviews to the audit staff at the same time it has busily prepared for this meeting. In addition, the Audit Division has held opening conferences with the Board Chair and the Director and with the Commissioner’s Office. We estimate providing an additional 100 to 200 hours of staff time to answer the audit division’s many questions and concerns. There is a great potential this will impact the timeliness of review of the licensing queue, but we will endeavor to minimize that impact the best we can. We are committed to responding to the Audit Division on a timely basis. The Division estimates it will have its draft report issued this coming autumn.

**Conclusion and Next Meeting**

I welcome your comments and questions about any matter addressed in this memorandum,

The next regularly scheduled meeting of the ABC Board is August 23-24, 2023, in Nome, Alaska.

