



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce,
Community, and Economic
Development

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

MEMORANDUM

TO: The Marijuana Control Board

DATE: January 24, 2024

FROM: Joan M. Wilson

RE: Director's Report

Introduction

This report details AMCO activities from the last regular meeting of the Marijuana Control Board ("Board") on November 15-16, 2023, to the present as well as our planned activities for the future.

Staffing Changes

As the Board is no doubt aware, two key members of the AMCO team will not be before you at this Board meeting: Enforcement Supervisor, Chief Hoelscher and Records and Licensing Supervisor Carrie Craig. Together, these individuals are taking fifteen years of knowledge with them. They have seen AMCO, this Board, and the Marijuana Control Board through many changes, such as the implementation of the Office itself and many changes through successive directors. They both are strong public servants who will certainly succeed on their next career endeavors.

That said, every change is an opportunity, and we are using these critical points in time to reassess and align AMCO with the values of both boards as well as Governor Dunleavy's goals of keeping Alaska open for business. We have many structural changes ahead of us that we will be implementing in this and over the next fiscal year, including some hierarchical changes in the Enforcement Division with a focus on licensee education. We also will have the opportunity to introduce you to Acting (soon-to-be permanent) Records and Licensing Supervisor Regina T. Cruz, Acting Enforcement Supervisor Steven Johnson, and subsequent Acting Enforcement Supervisor Joe Bankowski. Steve Johnson, Joe Bankowski, and I will detail those plans during the Enforcement report and seek your input on the same.

Licensing Activities

As referenced in the last report, AMCO’s entire licensing staff turned its attention to alcoholic beverage licensees in the last two months of 2023 so we could implement the many changes required under the Title 4 Rewrite, which was effective January 1, 2024. I give you the below statistics from alcoholic beverage licensing only so you can see how busy the licensing and education and outreach staff were:

Interim Licenses and Endorsements	Count
Interim Manufacturer Retail Licenses	71
Interim Manufacturer Sampling Endorsements	24
Interim Brewery Repackaging Endorsements	18
Interim Restaurant Endorsements	163 and counting
Interim Hotel or Motel Endorsements	22
Interim Bowling Alley Endorsements	3
Interim Package Store Shipping Endorsements	10
Interim Package Store Repackaging Endorsements	33
Interim Package Store Delivery Endorsements	2
Interim Direct Manufacturer Shipment Licenses	50
Interim Approved Common Carriers	9
TOTAL	405

Even while accomplishing this, the marijuana licensing examiners regularly provided me applications for Director approval and continued to address the new and transfer application queues. Mss. Sawyer and Cruz will report those numbers to you.

Effective mid-January, however, the marijuana licensing staff have turned back to their primary responsibility of reviewing marijuana license applications. That staff currently includes Donovan Bennett-Smith, Sam Carrell, and Acting Records and Licensing Supervisor Regina Cruz. Ms. Cruz is pulling double duty until her position can be reclassified and we can hire to replace the records and licensing supervisor for alcoholic beverage license applications. While June 30, 2024 still seems a bit away, we are also preparing for the next renewal cycle for

marijuana licensing at the same time that we continue to develop the online licensing system through AK-ACCIS. Again, Ms. Sawyer will report on the progress of the latter at the Board meeting. Also important to this buildout will be your review of a move to certification in applications, which will be discussed during the regulations section of the agenda.

A Change to Our Marijuana Handler Permit Hours and Processes

As the Board is aware, AMCO issues marijuana handler permits to individuals who successfully complete a marijuana handler education course and who do not have any convictions that bar their participation in the industry. We regularly held handler permit hours, in which candidates can bring their complete applications and leave with a handler permit card. However, our ability to meet this need has been in great part compromised by a non-working, non-fixable, and non-replaceable camera (required for the handler id's) and administrative staff shortages. Our plan now is to do away with any handler permit hours and to require applicants to submit complete applications to us, including provision of a photograph in passport photo measurements. We will be able to issue the required cards within five days of submission of the complete application. Marijuana handler permit hours will discontinue effective February 4, 2024. I will personally monitor our ability to meet all deadlines and to provide timely service to applicants. If this effort is not successful, we will come back to you with another solution, including potentially the reinstatement of handler permit hours.

The Division of Agriculture's Intoxicating Hemp Products Prohibitions

As mentioned in the last report, the Department of Natural Resources (DNR) was sued to prevent the implementation of its regulations that prohibit inclusion of delta-9 THC in any hemp product intended for human consumption. DNR successfully defended its regulations. United States District Court Judge Gleason for the District of Alaska denied the plaintiffs their request to enjoin the enforcement of the regulations. Following its success in court, the Division of Agriculture issued the attached advisory. AMCO Enforcement has also met twice with the Division of Agriculture to assist it with enforcement of its regulations and advisory for recalcitrant individuals who intend to violate its regulations. Additional meetings will occur following this Board meeting. We will continue to update the Board on enforcement efforts.

Cannabis Potency and Pesticide Testing Lab User Group

The Cannabis Potency and Pesticide Testing Lab User Group held its first meeting on January 11, 2024 and will continue to meet the second Tuesday of each month for six months. The user group will provide a report to the Board at the close of that six months with recommendations of changes that can be implemented in three stages: (1) without regulatory changes; (2) with regulatory changes; and (3) with statutory or fiscal changes. The user group agreed to first address cannabis potency testing with a subsequent focus on pesticide and heavy metal testing. All meetings will be publicly noticed and recorded. The user group currently includes Chair Miller and Member Muse. With their terms expiring soon, I respectfully request the Board to identify other participants.

Marijuana Control Board Sunset Audit

Enclosed in the tabs for this meeting is the recently completed legislative audit of the Marijuana Control Board. The agenda sets aside times to discuss its findings and the remedial measures AMCO will take to redress deficiencies. A significant point of discussion should include review of marijuana licensing fees. This is likely a longer conversation that should include the Department of Commerce’s Administrative Team who can report on payment of any remaining amount to the general fund for standing up the Board and AMCO and any expected contribution of licensing fees to the general fund in Fiscal Year 2025 or 2026. Unless the Board can be successful in advocating for additional spending authority for AMCO, it should most definitely consider reducing its fees.

Legislative Bills

HB 119 has advanced out of the House Labor and Commerce Committee. The current version of the bill is included [here](#). In addition to taxation, the bill provides for biennial licensure. Were it implemented, the Board should consider (as related to the discussion above) the impact on licensing fees and how to distribute the renewals so that one half of licenses renew in an even year and the remaining renew in an odd year.

Conclusion and Next Meeting

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

The Marijuana Control Board will hold its next meeting April 17-18, 2024 in Anchorage, Alaska.



ADVISORY NOTICE RE: PROHIBITION OF SALE OF CERTAIN INDUSTRIAL HEMP PRODUCTS INTENDED FOR HUMAN OR ANIMAL CONSUMPTION

This advisory notice is to remind you that it is unlawful to sell to a consumer in Alaska an industrial hemp product that is intended for human or animal consumption that contains delta-9-THC or is otherwise not endorsed by the Division of Agriculture.

This notice applies to any ingestible product like a gummy, tincture, capsule, or beverage, and any dermally applied topical product. It also applies to pet products. It does not matter if the product is endorsed. Products containing delta-9-THC may not be sold to a consumer in Alaska.

Under 11 AAC 40.520(b)(3), “[t]he Division may issue a notice of violation and a stop order for any processed hemp product intended for human or animal consumption from a registered retailer if the hemp product contains any delta-9-THC.”

Under 11 AAC 40.900(13), “‘consumption’ means any method of ingestion of or application to the body, including eating, drinking, inhaling, absorbing, or injecting[.]”

Under 11 AAC 40.400(a), “[b]efore being offered with or without compensation to a consumer, any industrial hemp product processed beyond its raw form and intended for human or animal consumption must be endorsed by the division.”

Under 11 AAC 40.400(d) “[t]he division may not endorse a product that contains delta-9-THC or a non-naturally occurring cannabinoid, including a cannabinoid made from an ingredient extracted from industrial hemp and modified beyond its original form.”

Broad-spectrum and isolate based products with the delta-9-THC removed (as indicated on final product certificate of analysis, COA) may still be offered for sale in the state but must carry an endorsement with the division before being offered for sale. Non-endorsed hemp products must be removed from store shelves immediately and all sales must cease.

To enforce its regulations, the Division of Agriculture may, among other things:

- issue notices of violations and civil fines, or issue stop orders to any person who violates the 11 AAC 40.010 – 11 AAC 40.910;
- control, seize, quarantine, embargo, or direct the destruction of an industrial hemp product not in compliance with 11 AAC 40.010 – 11 AAC 40.910;
- suspend, revoke, or deny registrations, endorsements, or permits;
- cooperate and communicate with the Marijuana Control Board, the Department of Public Safety, or any other peace officers, and, as permitted under AS 03.05.090, refer violations of this chapter to a peace officer for criminal prosecution.



December 28, 2023

Marijuana Control Board
Alcohol & Marijuana Control Office
550 W. 7th Avenue, Suite 1600
Anchorage, AK 99501

Re: Failure to pay taxes under AS 43.61.010 by licensed marijuana cultivation facilities

Pursuant to Alaska Statutes and Regulations, AS 43.05.230(e), AS 43.61.030 and 15 AAC 61.020, the Department of Revenue will inform the Marijuana Control Board of licensed cultivators that have failed to pay tax due or file a return as required by law.

As of December 27, 2023, there were 12 cultivation facilities with active licenses that failed to pay marijuana excise taxes as required under AS 43.61.010. The list below does not include accounts that are compliant on payment plans or that have past due balances under \$200.

AMCO Cultivator Name	License	Balance
ARCTIC GREENERY, LLC	10286	\$ 21,150
CHONGKEE FARMS LLC	13827	\$ 754
FOXY ENTERPRISES	10288	\$ 10,114
GREEN LIFE SUPPLY LLC	10958	\$ 113,996
HAPPY CANNABIS	10201	\$ 7,060
KINE CO	17409	\$ 7,993
PERMAFROST DISTRIBUTORS	11519	\$ 51,514
ROSIE CREEK FARM	10005	\$ 17,545
TAKU HORTICULTURE COMPANY, LLC	12176	\$ 25,069
THE HAPPY HARVEST COMPANY LLC	14736	\$ 7,902
THE RED LIGHT DISTRICT	21725	\$ 28,905
WILDFLOWER FARMS	12833	\$ 40,547

There were also 29 cultivation facilities with inactive licenses that failed to pay marijuana excise taxes as required under AS 43.61.010.

AMCO Cultivator Name	License	Balance
50 SHADES OF GREEN LLC	14956	\$ 40,656
ACP, LLC	20716	\$ 122,043
ALASKA CANNABIS COMPANY	12618	\$ 229,148
ALASKA CANNABIS CULTIVATORS	10592	\$ 256,827

AMCO Cultivator Name	License	Balance
ALASKA CANNABIS PROPAGATION	11651	\$ 6,722
ALASKA JANE	11617	\$ 9,357
ALASKA PRECISION	10040	\$ 25,331
ALASKAN BLOOMS, LLC	10073	\$ 867,207
ALASKAN DEVILS LETTUCE	11556	\$ 5,297
ARCTIC HYDROPONICS LLC	19279	\$ 32,945
BOREAL INC.	10514	\$ 52,557
BRO BRO BUDZ, LLC.	18516	\$ 1,215
DANISH GARDENS, LLC	10310	\$ 278,562
FARMER JACK'S LLC	10142	\$ 22,024
FRONTIER GROW LABS, LLC	11319	\$ 143,080
GREEN ACRES 907, LLC	19466	\$ 1,538
GREEN LEAF	10066	\$ 84,383
GREENSTAR, INC.	12872	\$ 295,428
HAPPY TREES, LLC	13416	\$ 29,386
HARDWORKING HIPPIES	11350	\$ 2,163
HERBAL INSTINCTS	10156	\$ 204,393
HOMER BUDZ, LLC	12783	\$ 543
HONEY BEES	25971	\$ 10,027
MUGGLE ORGANICS	21822	\$ 17,274
RAINFOREST FARMS, LLC	10026	\$ 139,332
ROCK HARD NUGZ AK	15223	\$ 10,808
THE GIVING TREE	13211	\$ 996
TLG GARDEN LLC	13344	\$ 1,098
TWO BIRDS ONE STONED	17445	\$ 32,479

If we reported the total number of past due accounts for tax periods through October 31, 2023, we would report 61 cultivators owing a total of \$ 3,336,518.

Sincerely,

Savannah Ritter, Tax Auditor
Department of Revenue – Tax Division

