



Marijuana Control Board
Public Meeting Agenda – Pubic Input on Marijuana Licensing Caps
Third Judicial District
August 9th, 2021 at 9:00 am – until adjournment

Join Zoom Meeting

<https://amco-alaska-gov.zoom.us/j/97765521877?pwd=b2dSTm9SNWF3V1BHUjZJbnFvMFQ1QT09>

Meeting ID: 977 6552 1877

Passcode: 562872

Dial by your location

+1 (253) 215-8782 US

+1 (669) 900-6833 US

Meeting ID: 977 6552 1877

Passcode: 562872

All times are approximate.

● **ADMINISTRATION**

9:00 am

A. Call to Order

9:05 am

B. Roll Call

Nicholas Miller, Industry Member

Bruce Kevin Schulte, Public Member

Eliza Muse, Public Health Member

Casey Dschaak, Rural Public Member is not present

Lt. Christopher Jaime, Public Safety Member is not present

Glen Klinkhart, Director

Joan Wilson, Assistant Attorney General

*Rick Helms, Program Coordinator
Carrie Craig, Records & Licensing Supervisor*

C. Approval of Agenda

Bruce S. motions to approve the agenda as is. Eliza M. seconds. None opposed, motion passes.

● **PUBLIC TESTIMONY REGARDING LICENSING CAPS**

9:15 am

Public testimony is limited to issues regarding the subject of caps on marijuana licenses.

Public testimony will be limited to 5 minutes per participant.

Dolly Salts (?): *Okay, so license caps, of course, have been talked about and for quite a while now, and you know, for the last five years, I did not support license caps, but you know, like Mr. Miller said federal legalization is on the horizon, and I do see that this to be a way to slow down the overtaking of small Alaskan-owned businesses. Which would, of course, keep more money circulating in the Alaskan economy. License caps that also encourage on time excise tax payments from cultivators for fear of loss of license so if someone wasn't paying their license or the excise tax as they should be and what the threat of losing that license which would not easily be retained, that could really encourage that the state's receiving the excise taxes, as listed in the regulations. Also, the state could sell or revoke license could kind of recoup that money. And as we've seen, there's been an influx of new licenses many fail and sell their product at unsustainable prices what's this is artificially lowering the market price and hurting good businesses. Okay, I do think caps should be on a population based limit. And of course with anything there's pros and cons, the biggest con would be that existing businesses or new applicants won't have the opportunity to expand or get involved as easily.*

Malan Paquette: *I just want to speak briefly to the overall presentation, thank you for making this meeting available in the online public notices and state of Alaska's online public notices providing the call in information. The automated system provides us the instructions star six to unmute. Earlier I heard you mentioned that we're supposed to be raising our hands, but there is no instruction that I found. It has that in, you know, star seven I don't know which one it is, that's why I simply unmuted and asserted my interest in providing public comment. I support much of what your previous public comment person provided. I think you should also be including tribal jurisdiction, if this isn't. I've listened to a few public meetings over the last year involving this topic and it sounds like over at department of law that in some of the rural areas people are still getting cited for flying in between rural areas where there is nowhere to travel, no other way to travel, for example. So, I just think that you guys have part in that conversation that resolved in the super rural areas where their dispensary or what technology is not available if they need it. But also lastly, I just want to say, the agenda is not available to the public, some boards provide the agenda in the public notice where it allows me to attach a document. So I realized emailing this morning is probably short notice, requesting the agenda, but just want to encourage to make that available, either in the main print or as an attachment several boards conditions and Councils do that and some do not and public attendance is down. Any way you can engage the public, maybe by again providing the instructions on how to raise hand.*

Lacy Wilcox: *President of the Alaska Marijuana Industry Association. This is a tricky one, so I want to begin with an emphasis on protection often conversations about limited licenses are spurred. To level an over-saturated market or to abate a public health or safety concern and that doesn't seem to be the case today, it*

seems that we're having this conversation in the face of federal legalization. So I'm speaking today in the context of protecting Alaska's nascent cannabis industry, not from market saturation or public health and safety risks, but from Outside interests and large operators and we'll just call them Big Marijuana. It is unclear when legalization will occur or what it will eventually look like. We don't know if it will simply be federally decriminalized, in which case state regulatory regimes remain supreme and this concern becomes moot. Or if it will be federally commercially legalized, meaning the FDA in combination with other federal agencies will be the lead regulator, leaving only things like licensure and enforcement to this board and agency through State primacy.

If a cap is being considered for economic reasons, we would hope for data analysis and consideration of a moratorium. But because we are not talking about staving off market saturation today, we have indeed been troubled to take a position on this policy as it is quite divisive among operators. It is divisive because during the fight for legalization, people on the front lines as activists and crafters of the ballot measure asked for a free market industry, where the strong would survive. This would still be the hope of many, but unfortunately the strong have survived alongside bad actors and non-tech peers and have reached a point of frustration that isn't a true free market if taxes aren't being paid.

A main concern that has been raised in opposition is that license caps only bring a one-time potential value gain to those who have licenses at the time of the cap implementation. Some don't see how it will protect against big companies, as they will simply buy up some licenses and enter the market anyway, allowing a few licenses to sell for high prices and leaving other small companies trapped in a limited market. So, because the conversation is difficult, the board of the AMIA has hesitated to take an official position as to not alienate our membership.

Instead we issued a survey to all licensees in the fall of 2020 and have provided to this board those results. I will summarize those results, again, in brief, but I encourage you to go back and take a look at that full document. First, I must point out that only one third of the total industry responded to the survey, so these results reflect a portion but are not wholly accurate. 19.3% opposed and 10.5% undecided there are however, underlying factors beneath the surface of these numbers that are important to point out. First of the respondents who support a cap 27.5% of this total express weak support with 72.5% expressing strong support. Amongst the respondents who opposed a cap only 13.5% expressed weak opposition with 86.5% strongly opposed. This means that opponents of a cap are more firmly cemented in their opinions. Whereas there is more room for movement amongst cap supporters, additionally, there are some noteworthy differences and how different regions and types of license holders answer to the question. Anchorage, which represents nearly 20% of the overall sample, was an outlier with nearly 82% support for a cap, whereas the other five regions range from 64.7% to 68.4% support. Those who hold cultivation licenses were more likely to support a cap than respondents with retail and manufacturing licenses.

So, as we have stated, we maintain a neutral position on whether there should be caps on cannabis licenses and look forward to listening today, so that we can continue to inform our decision going forward. We want to invite everyone listening to join an open meeting hosted by the AMIA on August 31st. This open discussion is to not only continue on the topic of license caps, but to hear other creative ideas to protect Alaska's market. We will post details on this, the next day or two. I know this is complex and I'm sure there are people out there who were hoping we would have a firm position, but we simply do not need to divide our industry over this one until we've learned more and so we're eager to hear. This format is exceptional for information gathering. I'm a little bit concerned that it's clock to 4:30 pm. I know there are going to be quite a few people who are going to try and chime in after their lunch hour so I'd encourage you guys to hang in there if there's some locals. We do have people lined up this afternoon, I think, thank you again.

Chris Logan: *Owner of the Cosmic Cannabis Company and Cosmic Seaweed manufacturing licenses in Homer. I'm in favor of the state of Alaska taking strong measures to protect the industry. If this means a license cap, I am for it when federal legalization occurs, which could happen literally at any moment. I hope that the Marijuana Control Board and the Alaska state legislature has a plan in place to protect the small business owners in our state, as you know, marijuana businesses are not allowed to bank. This is a huge problem for us, we cannot finance or get loans in order to grow our businesses. We were not eligible for the small business relief loans that were available during the last 18 months of the pandemic to all other businesses. We struggled through as a lot of other businesses do, but we are not eligible for that federal bailout money. My business is financed by my and my business partner's retirement accounts, a second mortgage on my home and I work every day running my business, as well as working another job. It would be very unfortunate if federal legalization occurred without license protection in place for Alaska small businesses.*

Lisa Coates: *Owner of Herban Extracts. I'm going to be short and brief, I agree with everyone else who has spoken before me. I believe that we need to do something to protect our industry in the State. I know that I've heard that from some other licensees they don't want license caps for survival of the fittest. And in my opinion, if you have that attitude and don't have a license it really equates to survival and big corporations, because, as you all know, we have grown this industry on our retirement funds and put our life savings into this and we can't acquire business loans to grow our business - it's literally impossible. I just jumped through so many hoops in this last week, because now we have equity. But we deal in cash and I write all these things down and they just look at me like, "Oh well, we'll give you a (loan?) but the interest rates can be in the 20s on some of them", and the one I'm looking at the interest rates on the T in the T. So anyway, I could go on and on, but I fully am in full support of caps, thank you very much for your time and I also have someone else with me, that would also like to jump on and give our comment.*

Katherine ?: *Going to keep it short and sweet. I am 100% for license caps due to everything everybody before me has said. We have grown this industry with our blood, sweat and tears and retirement and I think that it's time that we protect us from what is about to happen, really, and I think it's also going to weed out a lot of bad actors that don't pay their taxes. That license is going to become valuable and that's all I have to say thank you.*

Susan Nowland: *I'm the owner of Alaska Fireweed. I like to take this opportunity to not only comment today during this public testimony, but I also want to thank the old board as well as the new board members for their service in the industry. Your ability to listen to the industry members and continue your knowledge base by researching new data looking at best practices, looking at the future of federal legalization really makes you a first class board. I am one of the victims of an over-saturated market in downtown Anchorage and you know fortunate to be the first one open in 2016 and I'm very grateful for that. But I do support a license cap from the federal perspective and where industries going nationally, but also from a saturated market with that we have down here in the Anchorage area. So with that being said, I think there's also another issue that the way our licenses are structured, of how they are tied to our landlords if we don't own and operate our own building. And as Lisa had mentioned, it's very hard to get loans to do any of that unless you have owned existing property. Because our licenses are attached to a premise that basically puts the landlord in charge of whatever rent they choose to pay, and I personally had a very overzealous landlord that continued to inflate rent on a yearly basis that it just made it really impossible to operate from any type of profit margin so therefore we left that area. So I think it's important, as you know, we look to the future about these licenses and where they are going to protect the small Alaskans and it also has an effect with our own you know greedy landlord that you know can continue to raise prices and we're basically stuck there, because we can't take our license with us. So again, thank you for the opportunity to comment and again*

appreciate your your valuable vision of looking to the future, to help protect Alaska business men and women, thank you.

Ryan Tunseth: *Thank you for making this opportunity to comment on this, like others I'm really just kind of curious to listen and hear what other ideas are out there, and maybe if I could all just sort of honestly give you an idea of what I think about this. It's really tough for me. It's a tough issue like Lacey said, and certainly if we're going towards a moratorium or something like that we need to be able to see the data to support that and there seems to be a lot of questions around that with the license limit specifically. I'm just not exactly sure if it's even legal, would be the first question. And if you do go there, are you also sort of bringing into question right now whether or not Outside investment or out of state interest in our current market is actually legal or should be legal. And so to me it is bringing up really kind of like this whole other can of worms that we really should probably avoid. What you're hearing is concern all across the state that we have too many retails, too many cultivations and there's also concern that if it's federally legal that a lot of those businesses will be knocked out and not able to compete. And I think that the idea of having a limited licensing appeals to people, it certainly would appeal to me. Hey, you can add value to my license but they think that it insulates them somehow from this Big Marijuana and I'm not so sure that I see that entirely. I think that Big Marijuana comes in to take market share. But they are not necessarily really that interested in property in Alaska or things like that because we won't be a producer state. And the idea of a level playing field or survival, the fitness you know relies on exactly that has to be sort of equal and we have extreme costs of power, all of the things that you know make cultivation and things like that and Alaska very difficult just simply won't allow us to be a producer state. And so you know, I think it's really important that the board hears that there's certainly concerns from the industry, we're worried about this, and whatever comes out of this should really drive us to a place that helps those businesses, and we should look at things like tax credits for businesses that sell or buy from in-state producers. Things that fisheries do like utilization credits, whatever options might be out there to protect this industry when that happens if this type of thing is not legal. should be things you know that this board thinks about and I know that you know we as an industry will continue to as well and keep this conversation going and so you know, I'm just really interested to hear what others have to say and kind of wanted to just put a perspective out there about it, but that's all thank you guys, for your time.*

Chelsea Foster: *I want to thank you for the time to speak today regarding license caps. I strongly oppose license caps, for the following reasons. When you ban cannabis several things happen, the first thing that happens, you will have noticed, it will not have disappeared. It has transferred from licensed legal businesses back to the traditional market. You will see a loss of state revenue, in addition to a finite market that's tied to limited products relevant only to the businesses that are currently licensed. While the traditional market will self-regulate and sell new products at a premium. In other words, the traditional market will thrive untaxed and the license market will become a tourist business. Secondly, cannabis is tied to racism. Once national alcohol prohibition ended in 1933, Harry Anslinger, who served as Commissioner of the US Treasury Department's Federal Bureau of Narcotics, turned his focus to cannabis. Anslinger took the scientifically unsupported idea of cannabis as a violence inducing drug. Connected it to black and Hispanic people and created a perfect package of terror to sell to the American media and public. Placing a cap on licenses only widens those barriers for entry into the legal market and further extends prohibition, since those predominantly affected by the racist worn cannabis will not be able to afford a capped license. Historically here in Alaska, we have seen how this could play out with the limited entry system adopted in 1972 for commercial fishers where commercial fishing licenses were limited to 114 permits. As of now 15% of those permits were sold to large out of state operators at astronomical prices. If license holders can sell to large out of state operators than the intent of the cap to protect Alaskan businesses is undermined and can become ineffective. If we must place a cap on licenses for fear of large scale operators and competition, I*

believe that a cap on plant production would suffice. A cap on plant production would eliminate the possibility for a large-scale operator to come into Alaska and throw down 20,000 plants. It would still allow small and medium producers to create economies of scale in their businesses and be successful. Lastly, I also believe, if licenses are capped they should not be sold for the highest bidding price. Once an operation is through with their license, they should turn it back over to the State, so that another operation on a waiting list may obtain that license. There's no clear indication, right now, when cannabis will be legalized or if it will be decriminalized anytime soon. To explore license caps before exploring the expansion of cannabis records or creating social equity opportunities creates this perception that the Alaskan cannabis industry is not fully considering the social justice reform that is necessary to redress almost a century of prohibition. To be very clear, I oppose a cap on license explicitly, but if there must be some sort of cap, I would like to see one of the two versions I've spoken of. Thank you for your time.

Jana Weltzin: *This is a tough issue. You know I represent a lot of licensees and I think a lot of people on this phone call could even remember the very first time that we had a consultation, where I said the end game is to be relevant enough to be bought out or strong enough to stand on your own, and I don't think that is more true than today and it will probably be really true tomorrow too. Speaking of federal legalization, you know, there is a bill that's been brought forward and they're asking for public testimony. And the end date for that is September 1 so really suggest that you, you read the cannabis administration opportunity act. On and then start thinking about how this would affect your own business, and so I would recommend people read this bill and then do public comment, and this is, aside from this issue but it really would take all the producers and put them into FDA regulation, and they would pretty much gut the arm of the regulatory agency of the state and change taxes and do a lot of other things that would be pretty disruptive.*

So getting back to the issue of caps, it's a tough one, you know I'm seeing this in other states, you know I work in Arizona and we're going through buyouts. In Arizona from publicly traded companies coming in and purchasing licenses and, yes, purchasing licenses for loss of money you know, I have a client who, together they put in \$150,000 to start their business and they're selling it for multiples and multiples and multiples of that and it does come from the captain limited license right that is that, as part of the upside that's the same thing we see in bars. I agree that there there's some constitutional issues to look at the amendment that allows states to regulate liquor. Of the US constitution could simply be amended by the Federal Congress to say and marijuana that will kind of eliminate this whole constitutional like scary arching thing of can we actually limit federally can we limit marijuana licenses on the state side, and we do it with liquor and it's because of that amendment so when you're thinking about publicly commenting on this, you might want to think about looking at that amendment that allows you to do that with our Federal Constitution allows states do that if we could just add and marijuana.

So again, off this topic, and back to the the caps so other states like Arizona, for example, even back in like 2011, 2012. They had banks banking some of their money, providing structures for funding and making it so that they didn't have to take second mortgages out. They had a limit on licenses so it was it was it was easier to build up revenue quicker. And they didn't have to you know, take the second mortgages out as friends and families for loans basically deplete all of their financial access to funds to fund this business, which is what these licensees have done that, and so, with federal legalization I don't see it as a big bad thing to have somebody come in and say hey you put 500,000 into this business, I want to give you 4 million for it. And I want to invest that and I want to buy that license from you and I want to set up shop in in Alaska, in Anchorage. I don't see that as a negative thing. I do hear that some people see that as a negative thing, but if it was it was your 401k account, if it was your second mortgage, you'd probably want to be bought out. You probably want to be bought out and make some money on your investment, I mean why else did you do it?

The scary thing about federal legalization is, without a cap right now, allowing these businesses to get a bit stronger, allowing these businesses to compete at a bigger broader level, you're going to have a bunch of micro producers that will get extinguished right and that's okay to a certain extent, but if we can build a mechanism where they can at least get value I don't see the downside of that, but again, this discussion is to start the discussion, I hope that we have another one of these discussions. I hope we looked at other mechanisms kind of like Chelsea was alluding to. Have you know, if we capitalized this, how do we cap it like Sue mentioned - if we kept the licenses, shouldn't we make them movable? Should we make them be able to apply for transfers and move through location. And maybe if we don't have the licenses maybe we look at new buffers. You know, and in Arizona you in most cities, you have to be a mile apart from another dispensary maybe we start that maybe we start a buffering zone from each other. To kind of start spreading out the issue, because right now people a lot of people, especially in Anchorage, are operating at a loss. They're not selling as much as that caused them to run the store and so you know delusion is not the solution right we seen that in several different contexts as are several different contexts is. And so I think we need to really look at that.

So, going back to this point of you know, we really need some support from the Department of Law. To start researching, how do we protect our state? How do we protect our seat from federal legalization because this bill destroys our industry in Alaska, this bill does right here. And so, if it's not caps, then what is it, and if it is caps, then, how should we do it? And, and I really think it's got to be more of an analysis and just a pure population based. I think that has plays into it, but I think it's got to be more wide-reaching on that - it's got to be something that takes into consideration the rural areas that aren't serve, and maybe we got to get away from. The tied to your licensed premises forever maybe that's part of the solution and then maybe it is also thinking about this concept of a distributors license. And really focusing on what does that look like, how does it help the liquor industry and start thinking about those things.

And then I really also want to echo some of Ryan's thoughts about maybe there's some some lessons to be learned from the fishing industry. Where we talk about tax credits and we talked about incentives to keep Alaskan production here because it's going to be hard to compete with California. Production costs right it's going to be difficult to compete there. And we have to figure out a way to incentivize still buying from our current producers, and so I, I am in favor of capping the licenses because I have seen how it economically benefits my clients and other states. I have seen how they've put in more money they've invested money and being gotten more from return from selling their business. And I've seen that now that does mean selling your business at some point if that's the direction you want to go but, everybody needs to realize once this goes federally legal the residency requirement dies - it completely goes away. I don't know how there's still confusion about this, but the commerce clause will not allow us to keep this to be Alaska residency. So we've got to get creative and if it what's stopping you from delving into this idea and exploring it more as well, we'll just keep it residency of Alaska that's not a reality what's this goes federally legal. So I mean I know that's not totally put together, but I don't think any of this is totally put together, we need, we need more help we need input from the Department of Law, we need input from more of the industry, and we need to keep the conversation going, so I'm for continuing discovery.

Brandon Emmett: *Now this is something that our group has talked about quite a bit. Both within our company and within the AMIA and so I'm speaking on behalf of our company today, and so we have in the past, supported the a license cap in theory. I think that license caps are good. I've personally wrote about support of a more a toll. orient in lieu of license the fifth we instituted a license cap today, we would grandfather in quite a few bad actors. I believe that the tax delinquency issue has to be fixed. Everything the industry has not been regulated to a point where we have completely shaken out the bad actors. I believe that the legislature needs to address our mobile tax floor and Alaska will not be a production state if federal*

legalization happens. And so we have to have an even playing field for our producers in state. We've got to have incentives of some kind to be able to keep some of our small producers alive, if ever legalization does happen, because as Jana said, we were not going to be able to keep people out. As Ryan said, we're not going to be a producer state so that's something that looms large. I believe we need to address area saturation as well. We've got these municipalities have some pretty crazy zoning and we see downtown Anchorage has businesses that are going out of business, competing with the people who are going out of business. And we need the ability to move licenses. If your license is tied to a location, we lose that location there's a license cap, well then your only choices to purchase from somebody else so fundamentally believe in the end game, we do need license caps. I think that and the internal moratorium would be a solution this board and the legislature works out some of these issues that still exist amongst the industry, thank you.

Caleb Saunders: *I wanted to speak today against license caps. I would say that I am adamantly opposed to them, I think that the reasoning behind wanting license caps are not necessarily, I could see why in a fear-based mode we would want to try to do some of the things that some of the people I spoke about in hopes that it would protect us from federal legalization which, on some level, even though, yes, that might make things hard on us as small businesses as we adjust and things like that. The truth is that federal legalization needs to happen because people are going to prison for these things. It's about sustainable practices, it's about equality. Our industry and Alaska you at least in the Mat-Su Borough if you look at the taxes it's still a growing industry there isn't some need that the industry has hit some top market and now we're simply filling in enough businesses that it will accelerate it. We don't even know that our market is fully at its cap, so why would we kept the people that are going to be owning those businesses. Especially when the more businesses that recreate in our state, the more jobs that we create, more chances that we have to win as entrepreneurs.*

And as it stands right now, if we like it has been spoken multiple times in this already. A lot of us have put our 401k's into this, our life savings, we put every single dollar we had into making this business happen to make it so that we could have this chance at the American dream, just like the gold rush, just like the oil rush. And yet we say we're trying to protect everyone by making it so that the barrier to entry now includes a \$400,000 license fee. How are we, how is any of the minorities going to get and how is the mom and pop ever going to start? We're trying to protect from a big business by making it a market that will be strictly for big businesses. Only big businesses will be able to last when you need \$400,000 to buy a license when there's only so many licenses.

There's also going to make the special interest groups even more powerful because it's going to be big money running the special interest groups here in our state. And how was that going to be sustainable, how will we be sustainable as a state? We keep talking, so far we've only heard from business owners or representatives of business owners, yes, we do deserve some protection from the state, but not to straight protect us, because we were the first ones to get here. What we deserve protection for is just like all the other businesses in the state desert protections for like gas stations. Those aren't kept you're not going to find a grocery store that's kept restaurants, have a hard time in our state getting started new because of how hard it is to get a cap we can get their alcohol licenses.

Rather than making things more restrictive and as an attempt to protect things I would say that we should try to open things up, as it was alluded like Anchorage - it has a saturated market, but what we really have is saturated pockets in Anchorage where the rules were built based off of prohibitionist tactics, they didn't want anything anywhere, believing that marijuana was this evil thing, so they unintentionally segregated all of the marijuana businesses into these little pockets. If we were to be more liberal with the rules on cannabis businesses, they'd be able to spread out, they'd be able to act more like businesses. We wouldn't be as

choking out each other in these places. Even things like the odor smell complaint, why is that something that is that protecting the public, no. But it is providing a lot of chance for the public and other actors to come down on a marijuana business, why do we have the rules, why do we want to focus on making fear-based rules when we could be focused on making the rules that would actually make beneficial change removing the motor opening up zoning.

And then I don't want to like as if we were to do the license caps, not only will we need to make it so that licenses can be moved then you have to worry about monopoly laws. If you were to go and look at the alcohol side, the whole reason why there are licensed caps was Harry Anslinger and all the politicians wanted to just continue to temper the public's drinking habits, so they continued prohibitionist tactics by prohibiting how many licenses to be there. It is, for me, I like to make decisions based off of a positive outcome, what am I trying to achieve that's positive versus what am I afraid that's going to happen, am I afraid that big businesses will come in and destroy us? Well I believe that's exactly what will happen if we make a fear-based decision and an attempt to stop it. We will provide exactly the scenario where we will no longer be sustainable it'll all be big money, we will lose the opportunity for our rights to expand and to grow and to be a new industry, just like the gold in mine industry wasn't Alaska we don't need to choke out anyone from being able to join us, just as an attempt to protect somebody else. Like it doesn't sound like protection, it sounds like an attempt to just get a little bit of money for a small group. And then we'll all be left with a mess when they've all sold their businesses and they're no longer here. With that I thank you guys, for your time.

Mary Onidom(?): *Prior to entering the cannabis market, I spent 33 years in banking in the corporate and private banking sector in western Washington. And I interface quite a bit of the time with FDIC and I want to address in regards to this area, as far as a licensing cap. I heard that people say that the other industries do not have a cap, well that's yes and that's no. The true thing is that when anyone applies for a loan, a startup business, one of the first things that a lender does is determine if the market can support this business. So they have banking is one of the areas where there definitely is a limit as far as market entry, so it is incumbent upon the board in the state of Alaska to take that responsibility on since the banking arena does not. Again, I want to reiterate it is incumbent upon the board in the state of Alaska to take that on. We need a cap on licenses to sustain the market whether it's federal regulation or not, we have to look at what the market is today and the market is that the state is our regulatory body and it's incumbent upon them to make this a viable and sustainable market, thank you.*

Zack Hayes: *I am not someone that is currently a license holder in the industry, but someone who is been planning to do something in this industry as far as cultivation for years. I've heard a lot of good points that have been brought up this morning that are valid. As far as you know, people who have invested so much of their retirement and assets into getting started in this business. The one thing I wanted to bring up I worked in the bar industry, for a number of years, and just as far as going federally legal and seeing big businesses come in and basically take over with products from the Lower 48. You go into any of the local bars here you'll notice that, yes, you see Bud Light, Miller Light, Coors Light all of that on tap but the majority of what is demanded by the consumer is more Alaskan craft, so I don't think that as a Defense to federal legalization creating caps it's going to protect that, even if there were no caps and it would federally legal the customer demand is going to see more of a want for Alaskan craft products. So that's kind of my point or my observation from a different industry that will end up being similar. At the same time, when you're talking about caps for people who were not positioned to start as soon as the industry opened up like, for example, myself and others, creating caps, while it does increase the value for these initial players to resell their licenses it completely cuts out any of the smaller businesses to be able to live their dream and to create something that will add to the industry as a whole. So that's just something to you know it's a double-edged sword, for I see the perspective from other from other big businesses. But it also see the future basically*

cutting it out, unless you have \$4 million to purchase a license from someone else so you know it's not a black and white issue and I would suggest that any before any caps from work tutorials are done more research is done more public comment is done. Because, ultimately, you could completely squash someone's dream that could still compete in an environment where outside product is coming in, where it is federally legal but uh yeah that's just what I wanted to add, so thank you for your time.

John Nemeth: *Owner of a cultivation license and I just wanted to provide my testimony regarding license caps. Myself and partners are opposed to license caps, at least until other issues are properly dealt with. Such as tax delinquency. See, our company has a long history in the alcohol sector and have seen firsthand some of the credibility of those licenses when it comes to high value transfers, license hoarding and low merit and standard operations. We would hope to see data to support whatever action the board takes, but do not want the conversation to be limited to a cap. We would like to see you explore things such as tax credits or other incentives for Alaskan producers. In the face of federal competition and things such as dual licensure to insulate against the import, export issue we will likely see because of Alaska's high cost of production. My company made a great investment in this industry and continue to fight hard to build a trusted brand with a trusted product and doing this, we have plans and we are not finished growing and look forward to competing in a true free market. Again, I hope, again, I oppose license caps and if done the same way as alcohol, a moratorium on licenses due to market saturation could be agreeable with supporting data and municipal input, but until that occurs focus should be on leveling the current playing field, so that we are truly competing fairly against delinquent tax payers, thank you for your time and all your work, appreciate it.*

Shaun Tacke: *Calling in support of license caps because we have not actually come up with a mechanism for eliminating bad actors and one point that was previously brought up was creating jobs, from Caleb I think is who mentioned it. More businesses doesn't always equal more jobs, or at least in some cases with bad actors paying jobs there's plenty of instances where there's plenty of complaints being filed with the Department of Labor of people not being paid. So having people that actually know how to run operate a business is one aspect, but I do agree with Chelsea Foster's points that she had associated with this in terms of making sure that we actually have mechanisms to be able to get it back out to individuals and/or having transfer abilities - to transfer licenses and situations where you have a bad landlord or something, and you need to move. You should be able to transfer your license to another location. So there's a lot of things that need to be done in terms of altering the way that we do have our license caps at this time our license distribution and retention, but I think caps, in the long run, would be a benefit so that way individuals who are just starting off and have no real business acumen or understanding of how to run a business might be able to be teamed up with somebody that does and has some back end goal was show them how to run a business. You can't just start in open up and operate at a loss for a while and not pay employees and not pay your taxes. I mean when we have one operator that is delinquent to the tune of you know, three quarters of a million dollars. And I think that is asinine that license hasn't been yanked and been distributed out to somebody else, and if we had caps in a mechanism that somebody else can be able to obtain that license and be able to actually provide state funds that are owed to them. As they have collected it on behalf of the state for this entire time, so if there isn't another mechanism for handling bad actors, then we need to come up with other ways to eliminate them and also a way to build value for individuals. So I agree with a license cap, but I do agree that there's a lot of finesse and a lot of additional discussion that needs to happen to make it appropriate, and still fair. So that way you know minority groups, mom and pops, that do want to get started and actually have an interest in starting a business, knowing that they know how to do it correctly and in an appropriate way as a good actor. Thank you.*

Nick asks Joan if she could give a short briefing at the end of the meeting where Department of Law stands at the moment.

10:10 am: Break

10:30 am: Reconvened

Dana Gilliam: *I just wanted to jump on quickly to give the point of view of someone who is currently in the waiting on licensing process to open. I am currently not in favor of licensing caps for a couple of reasons, I feel that it will intrinsically prevent new, young and potentially innovative individuals from entry in the industry. The industry with license caps would be limited to what is currently being produced in the market. New people with a fresh vision for the industry wouldn't have the opportunity to get a license as well as minorities. They wouldn't be able to have the means to purchase a license within plated value of that license due to the caps, we all know, as well that banking and loans are unavailable to marijuana businesses. I believe the industry is progressive and has a long way to go, there's a lot of other aspects that should be addressed before capping licenses. Such as more extensive testing for pesticides and other toxic measures. Certain outfits are resorting to knowing testing isn't being done and it can get away with that. It's a very cutthroat market and there will always be those doing it the right way and those doing it the wrong way. Just because someone has a million dollars, doesn't mean that they were going to do things the right way. Even once interstate commerce comes into play, there will always be the over-saturated low quality easy to pump out products sold for the lowest price possible and there will always be a market for the high quality small batch craft cannabis. Let's be honest, there's already quite a few licenses owned by non-residents who simply find a resident to put on the license for a year, until they claim residency and then they take over that license. If we don't fix these kinks in the system before we cap licenses, it is going to majorly work against us as an entire industry. So just to summarize it's hard expensive enough for us little guys to get going. It's taken us five plus years to get to even where we are now in the application process. Capping licenses would literally be the nail in the coffin for the dream of many young aspiring business owners. One thing I have learned to this whole process is don't start your next project until you finished your current one. So let's finish the project of establishing a legitimate regulated market before we move on to a major decision like capping licenses and that's all I have today, thank you.*

Nicholas Gelinas: *Owner of King Street Cannabis in Anchorage. I would like to say I'm in favor of caps. For capping licenses I'm not sure the logistics of it, but I know that there is over-saturation per certain regions. I'm in Anchorage and I got another six shops or so going in within a mile, and there is only so many people per region. I do believe that there should be some kind of system in place for it, maybe per region or per zone or I think it's community perhaps. But there should at some point, I do believe, be caps on licenses for the same reason, the last lady said. Us little guys have taken so long to get in. But the truth of the matter is if you're in an over-saturated market, you are fighting with it all also. So I do believe that we need to cap the licenses as soon as possible, but I do believe that it should be thought out, I wish I had more comments on this, but I wasn't prepared this morning. But I would say, I am in favor of capping licenses and I, in my opinion, we should do it per region of Anchorage - I think it's broken up into different communities here and see how saturation is affecting the business owners. That's all I really have to say, thank you.*

Joan Wilson: *I'm going to respond to everything people have been saying, I'm going to respond to some of the issues raised in chronological order in my notes versus by order of priority. My first note is if there's always going to be constitutional issues. Right now with our residency requirement, that is under review in the state of Washington - I follow that case. Alaska prides itself on being different from other states, but we are still a state in the United States, so I have heard of threatened litigation here in Alaska. I don't know how close, that is, but I keep tabs with that source.*

As Jana mentioned we're going to have the same issue with caps, so we will always be dealing with constitutional impediments. Our obligation is to be compliant with the Constitution, but we can certainly legally advocate for positions. Where it's ambiguous as to which way we're going on, that my note here with social equity, is that in participation with some of the national groups I participated national AGs. It is social equity, is one of the largest initiatives we are seeing in states with caps and sometimes even in states without caps.

I want to make a plug here for a book that will be coming out next month, called the Cannabis Law Desk Book - it's written by all the Attorney General's in the Attorney General alliance, including myself, who have interest in the subject, and there are a number of chapters on all of these issues. So that will be a new resource for us, continually updated within a month.

As for the AG position, I can say that there's no current definitive position, and if there is, it is above my pay grade because I am not aware of that, this time status of research beyond keeping abreast of the national legislation that Jana mentioned and the Washington case. I haven't seen any memo that pre-existed before my advising the board, nor have I written one, however, you are my client and I take direction from you, so if you are seeking some review I'm happy to provide that.

One thing I wrote down here is, since this is kind of a growing issue that with a lots of complexity. It sounds like a good work group discussion where we have industry regulators rule representative or urban representatives, the Department of Revenue and all kinds of equity groups, whether it be individuals with resources, individuals based on sex resource, race or financial status. I believe this meeting was solely advertised as a public, but this taking public testimony is a public hearing, so I don't recommend taking any action on that, right now, but perhaps considering at your meeting next week. As I said, I take direction from the board.

I think Ms. Weltzin's comment about the upcoming deadline for submitting public comment on the current national legislation is a good one, and the Marijuana Control Board can do that itself. I don't believe I will be prepared by next week, but I can give you a brief summary on that legislation, you can consider you know writing a response and I would help draft that for you. Again I wait, the Boards direction and I'm really interested in hearing all your comments.

Kerby Coman: *I have a few different licenses and I don't really have an official stance on the subject, I just wanted to ensure that either way, this goes that we have the proper measures in place to allow for things such as licensed transfers and tried to remain ownership within state. And as to Jana's point with federal legalization coming into play that we're not going to be able to regulate out of state investors, so if something does happen, it would be nice to see these licenses giving priority to the owners within the state if it was to come about that outside investment was allowed. Furthermore, I think that would be who have the Marijuana Control Board to maybe not put a recommendation out, but just a reminder to all the local cities and boroughs that they have the authority to limit licenses within their own jurisdiction. You know, I think that here in the Mat-Su Borough, it has been a topic - it hasn't really gone anywhere, because you know just lack of participation, I think, or people kind of hounding them to do so, but I know like isn't Fairbanks right they got a limit on their retail licenses so there's a way to gain some value. Where within the whole state, I think it would be harder for the state to control. I think another great point was if the state does control it, that it would be per capita base license. I think that would probably be the most efficient way to limit licenses if the if the state was to take on that. Take that on themselves so once again, I don't really have an official stance, I know that you know it would be, it would. Have would have some equity if the licenses got kept, but I also believe in less regulation and more free enterprise so that's all I have, thank you for your time.*

Joan Wilson: *I'm looking at my schedule for this week, if the board wanted a presentation on the national legislation next week I'd be happy to provide one. The MCB Board agrees and Carrie Craig will add that subject to the 8/18-19 meeting agenda.*

10:45 am: Christopher Jaime has joined the meeting.

Zallman Liston: *I've just joined in and kind of wrote a little something up on the little time that I had so I just want to say hello, members of the board and industry, I am owner of Matanuska Medicine Woman a limited cultivation facility in Wasilla, Alaska license number 12062. I'm calling to oppose the proposal of license caps. To give my perspective, I started this company back in 2017. We have been growing year after year, finding more ways to become more efficient, lowering overhead and becoming more profitable. We have come to a point now where we're going to expand our company and have initiated two more licenses - one for a standard cultivation, as well as a manufacturing facility. Over the course of the last five months, we have been building our facility. If we were to live in a scenario where license caps was enforced, we would simply not be able to expand, because we would not be able to afford the inflation of the license price. This is not sustainable for us as a company to grow and expand. I can understand why people on the other side of the conversation would agree to cap licenses, because the value will skyrocket for those licenses, but for us already in the industry who plan to expand, it just not feasible and would hinder growth of companies that are providing successful products to consumers. That's all I've wrote so again, I'm opposing licensed caps and I thank you for your time.*

Tasha Grossl: *Owner of Lady Gray. I just wanted to keep it short and sweet, I'm in favor of license caps, I do agree, as others have brought up that we have some work to do on maybe transferring locations within licenses and some details like that, but overall, I just wanted to voice my opinion of being in favor of license caps.*

James Thornton: *Owner of Secret Garden. I'm not taking an official stance on this item, however, I think there's arguments both ways that are really important to take into consideration, and I think this process is super important to our state and the industry as a whole. I want to echo something Dana said about entrepreneurs and Alaska getting their opportunity. I think it's really important for the health of this industry and that young, new licensees with innovative ideas are allowed entry, remember when this industry first started from the sidelines that there were comments made about the traditional market and the ability to transition as one of the fundamentals of this industry and not everyone had the resources available or have the resources available to make this make this leap, and I think that, obviously with federal legalization on the horizon, that it's important that we protect our industry and in our reputation as a state that is an amazing producer of cannabis and don't underestimate our ability to be a producer. I'm just saying that Alaska grown cannabis is something that's pretty amazing, so we should protect it and be careful of how we proceed. And look out for the little guys out there because they're doing some of their best work and they're going to keep this industry moving in the right direction, thank you.*

Sarah Oates: *President & CEO of CHARR also on Board for AMIA – speaking as individual and previous employee of AMCO. I just wanted to come on and speak as somebody who formerly worked at AMCO in a pretty high up position for a long period of time. I worked for the state for 10 years, most of those years at AMCO back before the marijuana industry existed. For those of you who don't know - I might earn some new haters now - but I was one of the three women who drafted the original set of regulations that the marijuana Control Board heavily revised with a lot of participation from those of you who are currently sitting on the board, either in your current capacity or in part of the industry capacity. I just really want to caution this*

board and this industry about moving to a population caps type model. Again, I'm speaking personally and not in my in any official capacity here. When we were doing the significant amount of research and background work when developing the original set of marijuana regulations, the staff traveled to Colorado and to Washington, which were the two states at the time, who had legalized recreational use of cannabis and we asked each of those regulators, if you could do one thing differently what would it be, and both of them had the exact same answer, which was do not cap licenses. They had an enormous amount of issues from capping licenses and I can speak as both a former regulator and as the industry representative for alcohol and hospitality, that population caps do create a significant number of issues for everybody, particularly for the industry itself and also for local governments.

I have not heard all of the testimony today, only the last half hour or so, but I heard a comment that capping licenses and forcing people to have to buy an existing license and transferring existing license would create an opportunity for new mom and pop shops, who are wanting to start up to gain education through the people who they're buying the license from. And while that sounds great in practice, I'm not really sure that happens over at the alcohol industry a whole lot right now, or other industries that have caps, it might some, but AMCO has a new local government specialist, who is a rock star. One of her primary roles is going to help educate the industry. Everybody who is in the industry now had to come in and educate themselves somehow without a mentor or other industry member to educate them and AMCO's local government specialist and new program coordinator will be really involved in helping to create education materials for the industry, on how to and make sure that they're operating in compliance. There are other resources out there that's part of the purpose of an industry association and other entities to help people learn how to run a business, not necessarily the people who you're buying a license from.

Moreover, I've heard concerns about over-saturation. I also heard testimony from a couple of people about how that's where you work with your local government over-saturation has been an issue for the industry that I represent as well and I can tell you, with complete certainty that there is no one perfect solution that makes every local government happy. Right now, for the last 10 years, I've been working on a 125 page bill that is still sitting in front of the legislature that would overhaul alcohol laws, and there have been some extremely contentious issues about what to do with license caps. You have some local governments who want them removed entirely and I've taken aggressive action to remove licensed caps entirely because they feel like it is the role of the local government to be able to determine how many businesses of that type should be able to operate in their jurisdiction. Whereas other local governments don't want alcohol in their establishment at all and so I really think that is, are you know in some situations and especially here for those licensees who are interested in seeing population caps because of over-saturation concerns that the first place, you should go with to speak with your local governments rather than try to find one solution at the state level that makes all local governments happy.

And, and I will say that population caps creates a significant administrative burden for your already overworked staff over at AMCO. I know that that both licensing and enforcement staff spend a ridiculous number of hours processing waiver applications, processing proof of operations for them to show that licenses are actually being operated and not just bought up by an entity to form a monopoly and eliminate competition. So you know it's an administrative burden, which comes at a pretty hefty price tag and they're very far fewer states who have population caps on alcohol licenses and there are states who don't. There you have legislation that passing the legislature this year to eliminate population caps for fisheries, licenses for commercial fishing, licenses you're seeing industries that are currently kept on the number of licenses try to explore other ways to avoid over-saturation without necessarily a cap. So again, this is not a professional position on anything, I would just really encourage you to proceed with caution. When it comes to population caps because it's really hard to find a method that's going to work well, the current one for alcohol has tons

of challenges and that one for fisheries licenses has tons of challenges. And the testimony that you've heard today, I believe, is significantly, are primarily from businesses who have a heck of a lot to gain financially. If population caps go into place those who are in favor of it, you know they paid a few thousand dollars for the license and they could potentially end up making half a million dollars or a million dollars on a license and if you really want to. If you really care about keeping as many small business Alaska small business owners in the industry as possible, the worst thing you can do is create a population cap, because then the only entities that can afford to buy a license are big corporate. So that's the extent of my testimony and thank you for your time.

11:03 am: Recessed to 1 pm

1:01 pm: Reconvened

Sam Hatchy: *I want to start off by thanking you for this opportunity to voice my opinion with the board. I am a license holder here in the state of Alaska and just wanted to make a few comments on license caps. And I do apologize if some things were covered earlier this afternoon - I was tied up in meetings. But I am in support of license caps as a measure, along with support of other measures as well. I don't think that protecting the state of Alaska will be done in just a single license CAP regulation. I do think that we also need to take a look at some other things. But I think God is good, though I'm not entirely sure how many people are in the queue or wouldn't you guys were thinking about capping it, but I think that that would most insulate our state if it was the license cap retails, because it doesn't really help cultivation or manufacturing is very, very much. But it does prevent an out of state company coming up here and opening say a chain of five or six retail stores and then filling it with out of state flower and then that just really hurts our market. Jobs price way out, so I am in support of like the gap for that version now.*

So the excise tax has been a hot button issue for some time now - being it on the cultivator and what encodes doing and how that tax is being assessed. I do want to piggyback on that idea now, we cannot say it's not within - it's not constitutional to say I don't want to buy out of state farm now just setting the precedent if Oregon guy can't sell his product anywhere in Oregon or California Washington because of a lot of the market, that guy is going to come up here with this hundred pounds and sells for \$100 because that's all the money he can get right so, then you come up here, and sell it for \$100 a pound. Right now, as it's written in our statutes there's no carve out for out of state flower being taxed at all so an out of state farm could come in, not get taxed, and then they would be sold for pennies on the dollar, which would then essentially destroy all cultivations in Alaska going to compete with. What we can do is assess an excise tax, for instance, or some sort of tax subsidy to where all flower gets taxed at \$5,000 a pound if it's sold in Alaska any product that is produced in Alaska. Now get an exemption or I'm not entirely sure on the correct language, but when we go file our monthly taxes we click a little line item box that says, hey it was produced in the state and sold five pounds and then we would get a credit for 40 \$200 a pound, for instance, so then Oregon flower coming up here would have to pay \$5,000 a pound of tax to start, and we would, as a local cultivator in Alaska would pay \$800 just for round about numbers and easy math. If we could maybe start talking about that, that would be good, that would ultimately. As one of the ways to inflate Alaskan market and protect us from really, just like an overflow of undervalued problems. Thank you for your time.

Calla Peacocks: *Owner of Alaska Grown Cannabis. I just wanted to kind of piggyback off of the last person there and I agree with what they said on the capping the license. I don't think that a cap is the ultimate I mean, I think that is a great solution, but you can't just do that. I think we have to look at people where they are in the queue and just multiple areas to make sure we're doing it the correct way. And with that I guess caps, I think caps create can create stronger local on locally owned businesses that have the ability to compete with the bigger companies at once that are legalization come in product does come in, like the*

gentleman previously said. It just gives us the ability to compete with them, unlike liquor we haven't had the luxury of using credit card and small business loans to bolster the foundation of our businesses. Giving us a chance to build their companies now with limiting entry can help us become stronger to compete in the industry that is transitioning to federal legalization. Creating value and a license is not a bad thing, it gives us as licensees something to protect creating licensees that are more conscious of the regulations and the obligation required of them by the regulating body. And I want to just finish off by saying again I really appreciate you guys and all the work you guys put in and let's keep going and keep the process going, I appreciate the time and have a great day.

Tina Smith: *Handler permit provider. The first thing I want to talk about is the reason why I supply that service, it is 100% so that I know that people who leave with my certificate are well informed on the regulations and how they affect the industry. The reason I go so in depth into my courses and you can ask me my certified holders is because I'm an advocate. First and foremost an advocate for a strong, thriving and growing industry that's, the only way that the consumer can continue to get better and better access to quality products. We cannot grow with caps. That's what caps do, they hinder growth and innovation. I'm hearing so much fear-based comments and, believe me, I understand. I understand where it's coming from, people have put their entire lives into these businesses. I'm one of them, but if your fear Big Business, the straw man is already here people. When the scheduling happens that's probably what's going to happen first it's not changing much, but if we put caps in it, certainly will change for many who are actively right now working to make the money to get licensed here. The fear of Big Business is going to create the playing field that only Big Business can play on. You only have to look at our sister industry in alcohol to see that and in the fishing industry. We will be creating the very problem, everyone is so strangely afraid of. One that I've been personally dealing with from day one, build a better product than big weed and there won't be a problem. Yeah, it's gonna get tight, but you have to, you don't hear me advocating to lock out other Alaskans from teaching courses, do you? Over-saturation, yeah, that's a local government issue. Don't make Anchorage's problems the whole state's problems. We were supposed to be about building good business for Alaskans, and I say we continue to do that by fixing the problems that are already a problem. Rather than some possible boogeyman and future when I go to a bar when I could still drink beer, if I had no money, I would go for that dollar before eight beer. Any other time, I went for quality, which was local, always Alaskan, we make great beers and we make even better weed. Don't cut out the new bright ideas on a fear that isn't even a reality yet and focus on the things that we're facing currently, like building a better way to deal with our tax issues that's a problem right now. Fix what's in front of you, rather than and gather while you're doing that, gather some insight from other states that have implemented this tax cap. And revisit it when and talk about it when it's a more pinpointed with actual guidance to what legalization on a national level is going to look like. I heard comments about bad players in our industry currently and somehow thinking that this will make them go away. You do realize that this would be beneficial to those bad players now all they have to do if this goes through is sell the business for cool million and walk away smiling, if it isn't happening already.*

Jennifer Canfield: *One of the co-owners of Green Elephant. It's a cultivation and retail operation in Juneau and I only represent myself. I'm calling to voice my opposition to a license cap at this time, and I say this: Having been very vehemently opposed to a license cap when we started this conversation in the industry, I've softened a bit, because I do feel the pinch of saturation in the market. In Juneau every time another retail opens, you know, we see that in our bottom line and I won't lie, it hurts a little, but we all kind of knew this at the outset that in order to get this industry up and going in the most fair and equitable way possible, we went without a license cap. And I would just ask those in favor of a license cap to take a look at the numbers. with regards to licensed retails. You know in Juneau right now we have nine licensed retails - so that is one for every 3500 people. The only other region that comes close to that is the Kenai Peninsula Borough another*

you know, one for every 3600 people. You look at Anchorage, there is only one retail for every 6000 people. Anchorage is not even remotely close to the level of saturation that other markets are and that probably has mostly to do with the fact that their zoning is more restrictive than any other place in the state.

I think it's premature and perhaps not even within the mandate of this board to be considering the issue of license caps, because it is a legislative issue. And I also don't know that it's this board's concern to dictate the health of this industry. You are the regulators and I just am concerned when regulators take positions on key positions that would somehow direct the industry in ways that just - I don't really think it's in your purview, so I would ask this board to perhaps leave the issue of license caps behind. Let it play out at the legislative level and should one come through, well then that's the rule but, I really don't feel that this board should be considering this issue at this time and I also would really like people who are in favor of a license cap to consider the fact that there are portions of this state that are far more saturated than Anchorage.

I'm also of the opinion that Big Marijuana will be less likely to enter the Alaska market because there is no license cap. It'll be riskier for them to enter a market that is geographically larger than the size of Texas. Not even connected to the rest of the country, with unique shipping and logistics issues and we have the fourth largest population in the nation. With a license cap, the math to enter the Alaska market becomes a lot easier for them, and I understand that there are fellow licensees who are looking forward to the opportunity of selling to an out-of-state business, you know basically selling out to Big Marijuana. I can't say that I haven't dreamed of it too, but I don't think that's what we had in mind when we started this industry and I don't think it's under the purview of this board to be considering this issue, thank you.

Joe Gilliam: *Hello everyone, my name is Joe Gilliam and I'm currently in the licensing process for limited cultivation and retail. You've already heard from my wife and partner, Dana, but I'd love to chime in and give my two cents on the topic, and thank you for giving us opportunity to discuss this today. I'm very aware of how did this isn't an issue, this is like to offer my opinion as an up and coming business owner and someone who has been involved in industry, since day one. The only licensed cap, we need right now is to cap it to anyone willing to play by the rules. At least half the product on the market right now would fail testing if testing was done the right way. Pesticides, molds, plant steroids aka PG RS, just to name a few are all damaging to the end consumer and need to be completely eradicated from the market.*

It shouldn't be common practice to spray pesticides on a plant or and flower, let me give one example of how destructive this can be. Eagle 20 is a well-known and commonly use pesticide. It was originally made for ornamental plants, not anything consumable. With how effective it is removing a variety of problems growers faced, some cultivators desperate enough to save their crop will resort and spraying it on their plant. And the plant sprayed with this pesticide will eventually produce flower with this chemical, called Myclobutanil. In it that chemical on its own is dangerous enough, but when it is heated up it decomposes to produce corrosive and/or toxic fumes, including carbon monoxide, carbon dioxide, hydrogen chloride, hydrogen cyanide, and nitrogen oxides. Do any of those sound like something you want to put in your body? May sound like a tangent but once we've removed all the mass amount of product growing the wrong way it'll make room for all the people doing it with the consumers best interest in mind.

As well as when interstate commerce begins, all these other states have more stringent testing guidelines already in place. So where the cultivators who fail their more stringent testing, be able to then send their failed product up here where it'll probably pass testing and be sold on our market. If so, that'll create an even bigger issue we need to seriously consider. These certain licensees are choosing to use their own back taxes to invest in bigger ventures and that's what creates oversaturation when a market is established without

setting strict enough guidelines and penalizing those who don't abide by them, it becomes more of a free for all.

Creating a license cap right now is just squeezing out the little guys and letting the big corporate chains to take over. Of course, it kind of makes sense for the handful of existing big companies not looking to expand, but even then let's think about it. Once license values jumps 100 times, it'll be hard for most people not to sell out to those Amazon billionaires just looking to make a buck. So most licenses will eventually be owned by the McDonalds of the industry and all the mom and pop ups will be gone. Is that really what anyone would want to see the good people of our state push the bankruptcy of all the big chains take over and dominate? We've already seen in our state how little the bigger companies truly care about their consumer. With how many members and board of directors they have, it's like a game of telephone. They try to buy out the smaller struggling companies and how did that work out for them? Pretty sure our market is not need any more moldy or pesticide sprayed cannabis, that is a terrible look for all of us. We don't need a big corporation with zero interest of the health of the consumer or this industry, for that matter, taken over and record all the hard work, everyone has put in, so far. We as Alaskans deserve much better than the supporting small locally ran businesses in our blood and more important now than ever before. I hate to see how many good family ran businesses are going under right now. There's no possible way someone like me could afford a half a million dollar license. I would have to bring in someone with a ton of capital, which in turn would essentially make me their puppet. This is what I've avoided since day one, and continue to work on starting my business in my own home state, please don't take that away from people like me.

I, for one appreciate a competition and believe is a huge factor and maintaining a thriving market. Anyone in my life, who wherever or whenever I've had strong competition. It's pushed me to become a better version of myself and for that I respect and admire those who have the tenacity and drive become the best at what they do, even if they are my rivals. I would so much rather have my competition be locally grown and raise good Alaskans in some workbooks from New York. In summary, I believe we should focus on limiting the players, not in for the right reasons and the market will continue to thrive, as it is, and maybe once we've worked all the other kings we can discuss caps later down the road. That's about all I have, thank you for your time.

Lindan Hansen: *My name is Linda Hansen. I'm calling in because I don't support license caps. I kind of feel like there's a lot of presumptuous things going on. Everybody keeps saying when enter interstate trade starts, but even with federal legalization, Alaska has to vote as a state to let it go back and forth across the borders, so that hasn't even happened yet.*

The second thing is, the ones that are asking for these caps is looking to cash in on their license and truthfully where does that help the industry? I see it helps them personally but it doesn't help the industry. The other thing about it is if you make money, awesome, selling the licenses. So, if you cap it in your already deficit of where you're supposed to be. Where's the rest of them when are you going to be made up in the new fine schedules, because once there's a cap and then the fine schedule start to come on. You know I mean businesses are going to go out anyways right, you know, and if you're not if you're going to have a license cap on it. How are you going to get a new person to replace that besides selling that cap and long with everybody saying hey look, you know, how the state's going to come in here, the last time I knew, you had to be an Alaskan resident and prove that residency to be on that license. That didn't change, there's just a lot of presumptuous scared things going on, you know, and it's like, you know, it's not good for the business, I see that you know. Let it shake itself out the best growers a win and the worst growers long businesses will fold if you put a cap on it, you don't give it a chance for that to work out. That's all I really have.

Cadence: *My name is Cadence, co-owner a Cold Creek Extracts. I'm gonna say I'm on the fence, kind of leaning towards not going for a license cap just for the fact that I do not think it will solve these issues. I think we have as a concentrate manufacturer, we have far greater issues as far as not being able to make comparable products fresh frozen live resin. Our tax structure is not permissible for that kind of product, so unless we come up with a formula, say five pounds of fresh frozen material gets treated as one pound of dry material, there's formulas that we can come up for this, this will give us a comparable product. We can compete without a state at that point in time I'm not worried about somebody out of state coming in, I want to make better products, and when you better tax structure to do that so I'll have to say thank you.*

Paul Disdier: *I'm with Fireweed Factory in Juneau and I'd like to testify that I don't agree with capping these licenses and maybe a good time to have done that would have been when the market or was just fully saturated instead of over-saturated. It may have worked but the market is now at a point where it's over-saturated in every aspect, I mean and so when there's this much product and this many retail stores, I think, at this point the wisest thing is for those companies and entities that are efficiently operated and produce quality and prices are quality products at competitive prices. I feel, those people will be the ones that survive and the ones that are always having problems trying to meet their tax obligations or city tax/sales tax obligations, I mean we had one store just close here at the last board meeting, and you know, because the city has a sales tax that needs to be paid, and they were not being paid, and so I just feel like that those people deserve to go out of business, if they're poor business people, or they are running little bit under the table-type businesses or whatever, they should fail and should not be rewarded with a hefty price license that can be turned around and be sold. Yes, that's about all I have to say.*

Joan Wilson: *I found Ms. Oates comments compelling and I don't want to single her out at all, but I do want to mention that. We're long past just to other states having experienced with caps when I think I heard her said say let's look at everybody's experience but with, I think, 23 States participating in our national group I'm happy to reach out to some of those other groups and very generally your authority is to control the cultivation manufacture and sale of marijuana in the state, and that would include taking into account factors such as the strength of the market. Thank you.*

● BOARD COMMENTS

Bruce Schulte: *There's been some really good input. We have got a lot to consider, but I appreciate everybody taking the time sharing your thoughts.*

Eliza Muse: *This has been a kind of a great introduction I think for me into hearing from the public and from the industry. It sounds like there are other sort of systemic issues as well that might potentially be points of discussion or issues to continue to work together to resolve prior to any decisions on license caps. So, this has been really informative for me. I'm taking lots of notes and I appreciate everyone's input tonight, so thank you.*

Christopher Jaime: *Welcome to the board, Eliza. The only question I have, and this is more towards Joan, it would be, you know, the only reason for there to be limits on these licenses is for financial purpose. We write in regulation that whatever you originally purchase a license for is what has to be sold for. That there would be a cap and, you know, it doesn't make it where it's unreasonable for the average producer to join the market*

Joan Wilson: *So the economic value of the licenses is the economic value of the license?*

Christopher Jaime: *Never go up, it's in regulation.*

Joan Wilson: *I hear you. Kind of ingenious. I'm just worried about us being a capitalistic free market country and I want to make sure we're not competing against the ability of the industry to determine the value of the license,*

Christopher Jaime: *Inflation, so I guess it can go up a little bit.*

Joan Wilson: *Yeah, I mean I think that's a really good question and one I can look into. I don't mean to be so gray, but I hadn't thought about it that way. You know of course alcohol didn't do that right. An alcohol license is supposed to be a privilege, not a right yet those privileges carry excessive value and what would happen if the state where to take it? The argument is still going to be that it's property, not a privilege so you're just saying kind of keep it in that similar fashion.*

Christopher Jaime: *That's the only question I had. So, thank you. Look forward to meeting you. I'll see you guys next week.*

Nicholas Miller: *I would like to thank everyone who called in today to provide comment. I actually heard a couple of things today that I hadn't considered and, you know, have a lot more to think about. This is a difficult conversation. There are very passionate arguments on both sides, so I will give one more call to the public to see if anyone would like to provide testimony.*

There is no more public testimony.

● **NEXT MARIJUANA CONTROL BOARD MEETING**

The next Marijuana Control Board meeting is scheduled for August 18-19, 2021, in Nome. All applications must be deemed complete and all other information for inclusion in the board's packets must be received by **July 30, 2021.**

● **ADJOURN**

1:36 pm: Bruce S. motions to adjourn. Christopher J. seconds. None opposed, motion carries.