



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

**Department of Commerce, Community,  
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE  
550 West 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501  
Main: 907.269.0350

# Metrc Training for Finance Officers

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**This training was presented by the Alcohol & Marijuana Control Office  
In conjunction with the Division of Banking and Securities**

*Atwood Building 550 W. 7th Avenue  
Anchorage, Alaska*

Have you ever wondered how the State of Alaska will know that retail marijuana stores are selling marijuana that was grown in a licensed regulated marijuana cultivation facility?

This training will teach you that and more!

**This training was offered by the Division of Banking and Securities in conjunction with the Alcohol and Marijuana Control Office on August 29, 2016. The training is regarding Metrc (Marijuana Enforcement Tracking, Reporting and Compliance), the State of Alaska's seed to sale software, as it pertains to finance officers and bankers.**

The documents used in this presentation are attached below and you can view the video [here](#).



## Metrc Training for Finance Officers

August 29, 2016

Presented by the Alcohol & Marijuana Control Office  
in conjunction with the Division of Banking and Securities  
Atwood Building, Room 104 and broadcast through WebEx  
550 W. 7<sup>th</sup> Avenue  
Anchorage, Alaska

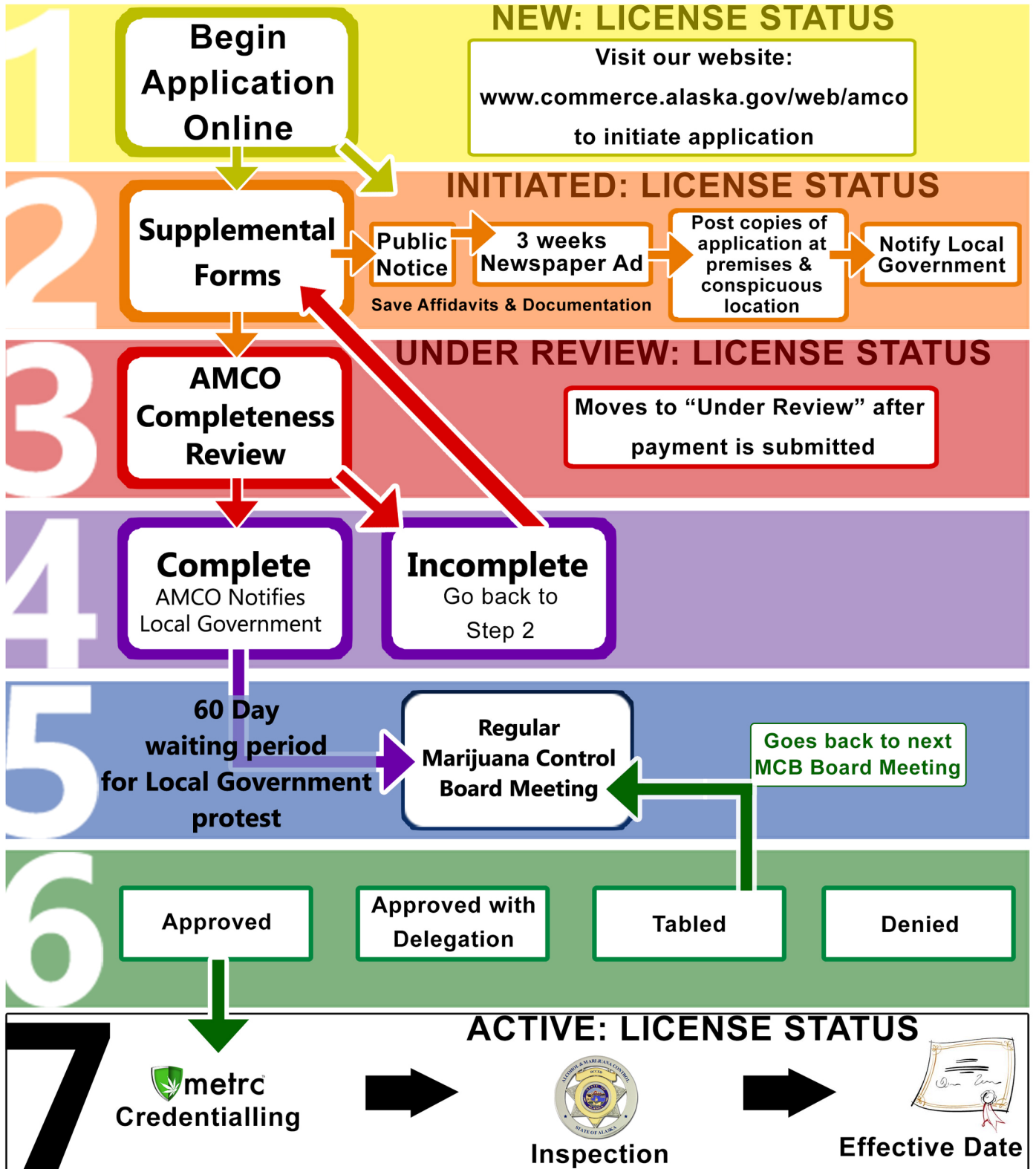
### Meeting Agenda

- **Commercial Marijuana Establishments in Alaska- Orientation** 9:00 am
  - Cynthia Franklin, Director, Marijuana Control Board
- **Metrc Marijuana Inventory Tracking System- Introduction** 9:15 am
  - Scott Denholm, Executive Director, Metrc, Franwell, Inc.
- **Break** 10:15 am
- **Metrc Reports, Data, and API Parameters** 10:30 am
  - Scott Denholm, Executive Director, Metrc, Franwell, Inc.
- **State of Alaska Tax Collection** 11:15 am
  - Brandon Spanos, Deputy Director Tax Division, Alaska Department of Revenue
- **Adjourn** 11:30 am



Alaska Marijuana Control Board

## Application Process Flow Chart





# Welcome to Metrc

Alcohol and Marijuana Control Office

Scott Denholm  
Executive Director Metrc  
Franwell Inc.



# Agenda

- Introduction
- Who is Franwell
- Why
- What is Metrc
- How does Metrc work
- Security and information
- Why RFID
  - How does it work
- Integration with other software
- Training and support

[www.metrc.com](http://www.metrc.com)



# Who is Franwell

- 25+ years of business experience in (high flow & volume) supply chain processes & tracking
- 30+ years of experience in computer technologies
- 15+ years focused on auto identification technology (Bar-coding, RFID, etc.)
- In-house
  - Low and high level software design & engineering
  - Digital/hardware design & engineering
  - Solution architecting
  - Help & Support



# Regulatory Customers

- Designed by regulators for oversight, regulation, and enforcement.
- Based on DOJ, Cole recommendations for legal marijuana states.
- Created and honed to meet state statute & rules, like CCR 212 in CO, OAR 845 in OR and AS 17.38 in Alaska .
- Strictly focused on regularity oversight
- Do not sell solutions to Industry to refrain from conflict of interest
- Have been working for the last two years with the Bureau of Standards in Jamaica.



On time under budget



On time on budget



On time on budget



Just Awarded



No cost consulting



# Federal Compliance

DOJ Requirements



U.S. Department of Justice


Office of the Deputy Attorney General

The Deputy Attorney General

Washington, D.C. 20530

August 29, 2013

MEMORANDUM FOR ALL UNITED STATES ATTORNEYS

FROM: James M. Cole   
Deputy Attorney General

SUBJECT: Guidance Regarding Marijuana Enforcement

A system adequate to that task must not only **contain robust controls** and procedures on paper, **it must also be effective in practice...** In jurisdictions that have enacted laws legalizing marijuana in some form and that have implemented **strong and effective regulatory and enforcement systems** to control the cultivation, distribution, sale, and possession of marijuana, conduct in compliance with those laws and regulations **is less likely to threaten the federal priorities set forth above....**



## “Cole Memo keywords” indicate a strong chain of custody is required by the state

1. **Distribution** *(visibility between licensees and to consumer)*
2. **Revenue** *(sales data uploaded and reporting and taxes)*
3. **Diversion** *(transfer manifests and no illegal product can enter the supply chain)*
4. **State-authorized marijuana activity** *(licensing businesses, employees, and labs, with oversight of all activities)*
5. **Cultivation and distribution** *(growth, mfg, transfer manifesting and repackaging)*
6. **Adverse public health consequences** *(ability to recall from any point in the process, both backwards and forwards)*
7. **Growing of marijuana** *(tagging plants from viability and all movement, waste, harvest and packaging)*
8. **Marijuana possession** *(patient id numbers and dispensary registrations and consumer purchase limits)*





What is Metrc?

# Scope

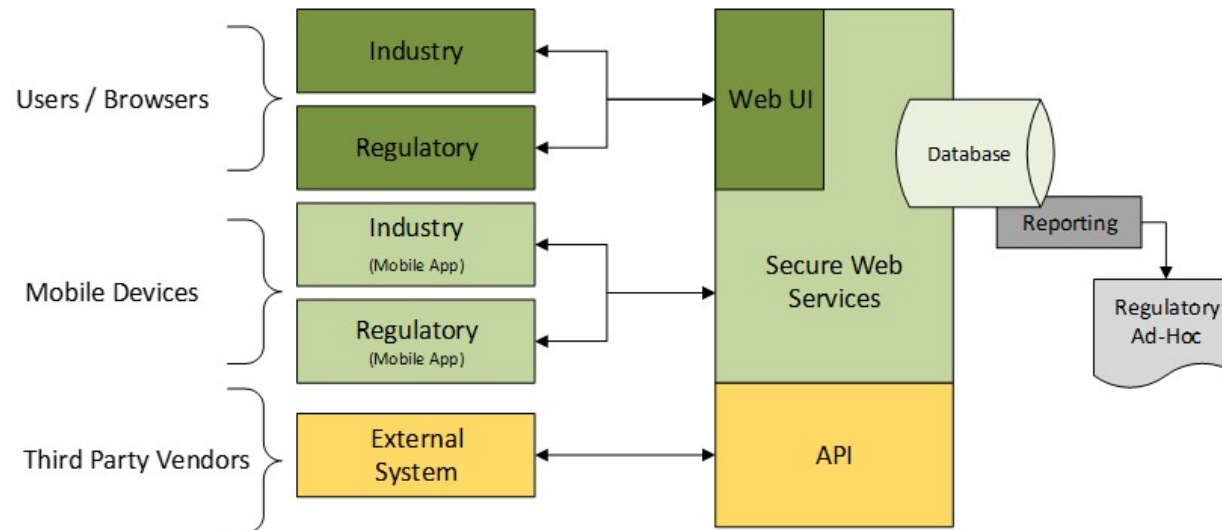
- Metrc™ is a compliance management solution used by regulatory bodies for the oversight of the marijuana industry.
- Metrc is a cloud hosted on-line software reporting system used by licensed marijuana businesses to manage and report supply chain activities as required by state rules.



# What Makes up Metrc

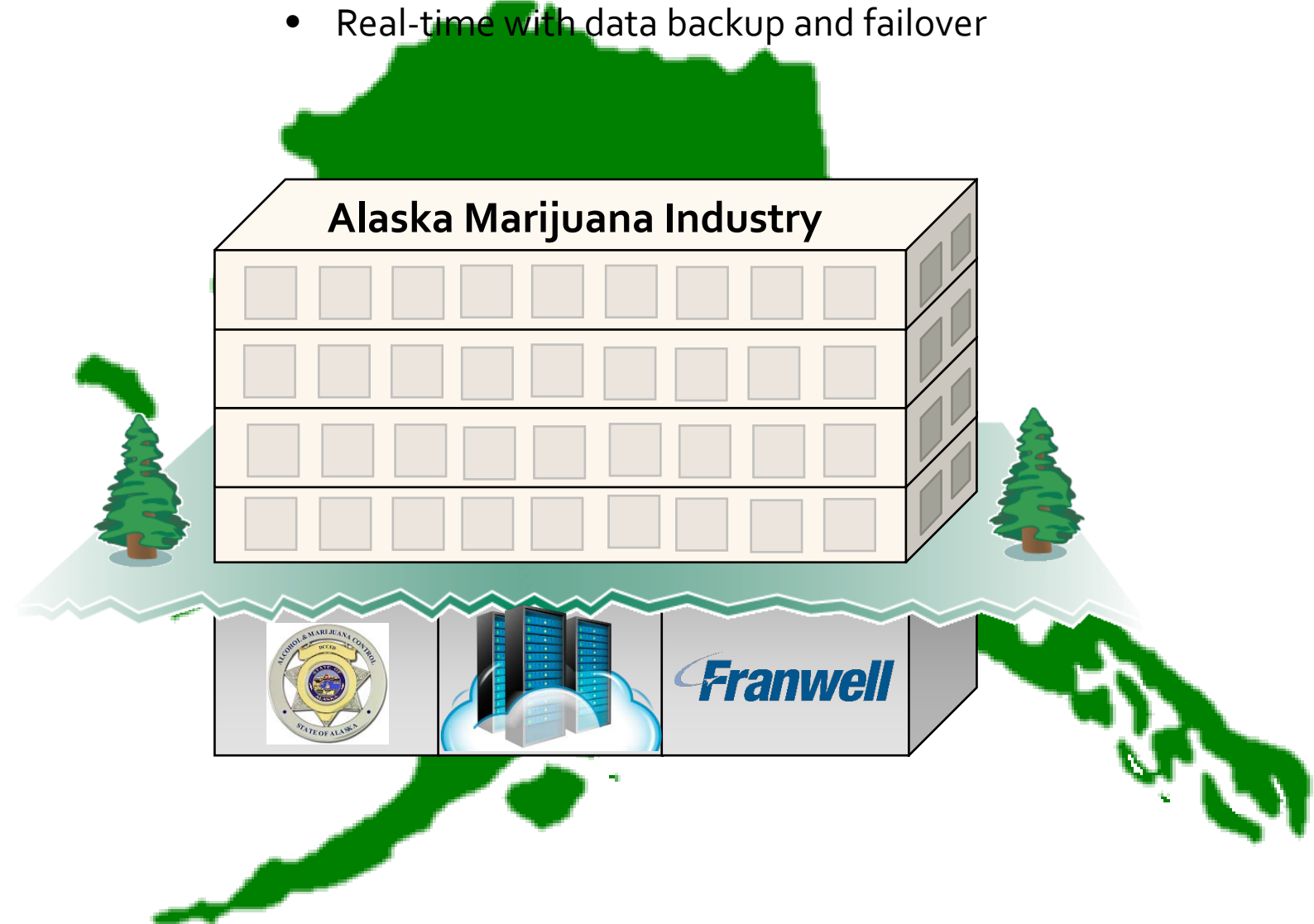
The system consists of:

- A web application
- Web services
- A mobile application for site inspection
- A mobile application for industry use



# How Metrc is Built

- Private dedicated site
- Secure on-line access
- Real-time with data backup and failover



# Metrc's Capabilities

- Over 22,000 users enrolled
- Over 3,300 licensees registered
- Over 5,900,000 plants commissioned
- Over 4,300,000 packages tracked
- Over 730,000 travel manifests processed
- Over 61,000 patients served
- Over 60,000,000 events recorded
- Over 130 Metric tons tracked
- Over 2,400,000,000.00 dollars transacted



# Brookings Research

- *“The system is widely considered one of the most advanced in the marijuana industry and is used to track product, limit diversion, improve regulatory compliance, and discourage improper market behavior.”*
- *“In many ways, the MITS system is the backbone of Colorado’s regulatory structure governing legalized marijuana. If effective, it helps businesses and regulators guard against shady practices, while helping keep at bay a federal government that is closely watching enforcement and compliance.*

John Hudak, Brookings Institute, July 31, 2014

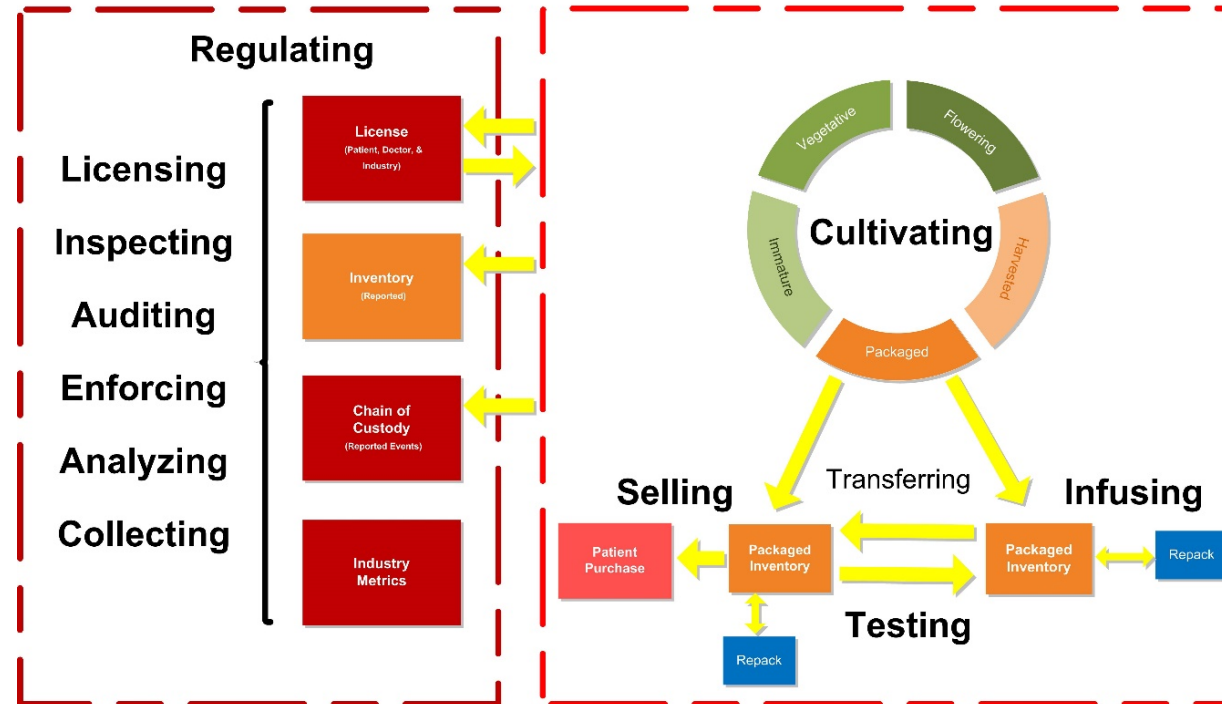




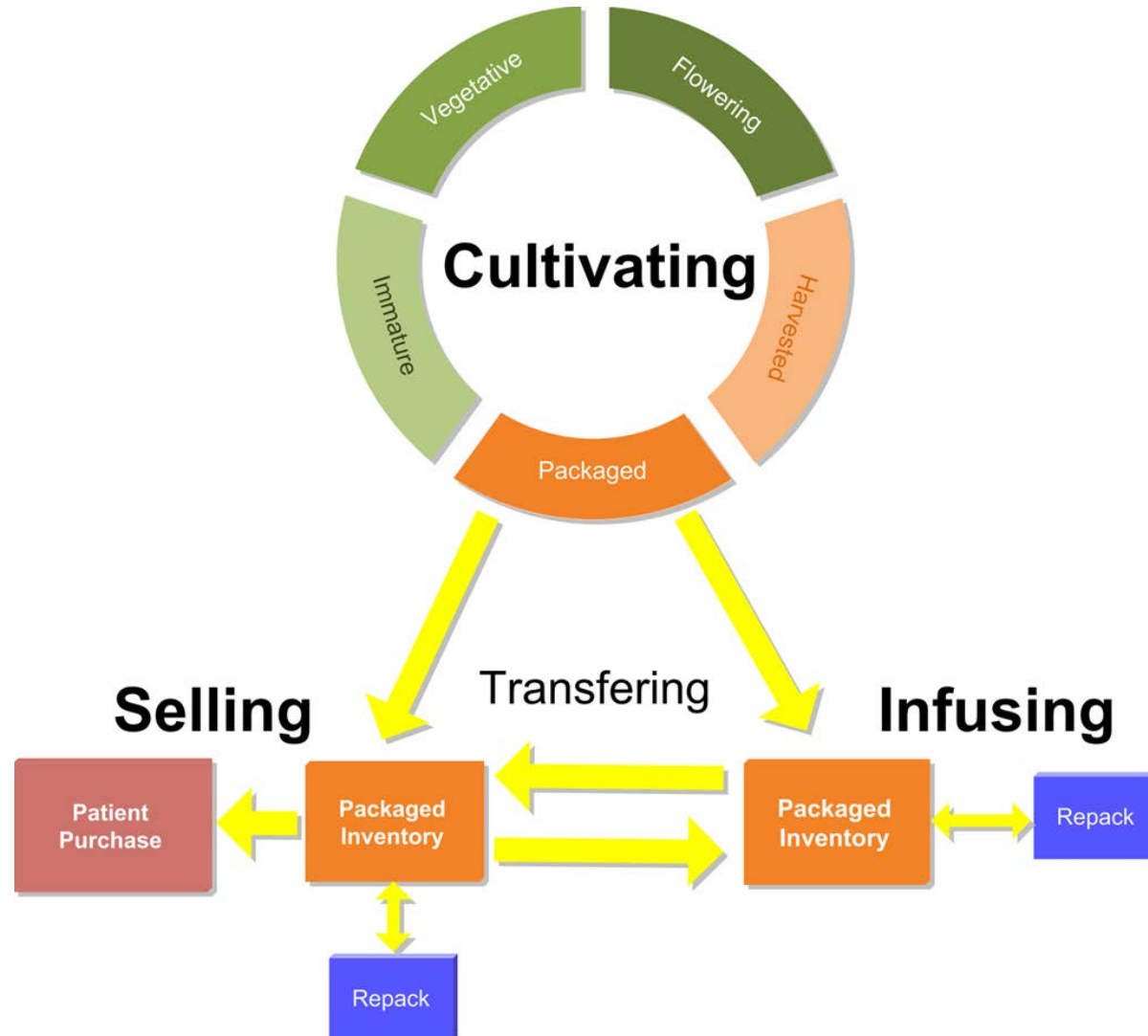


# How Does Metrc Work

# How Metrc is Organized



# Tracking the Life Cycle



# Business Profile

	Retail Store	Cultivation Facility	Product Manufacturing Facility	Concentrate Manufacturing Facility	Testing Facility
Plants		X			
Packages	X	X	X	X	X
Transfers	X	X	X	X	X
Reports	X	X	X	X	X
Sales	X				



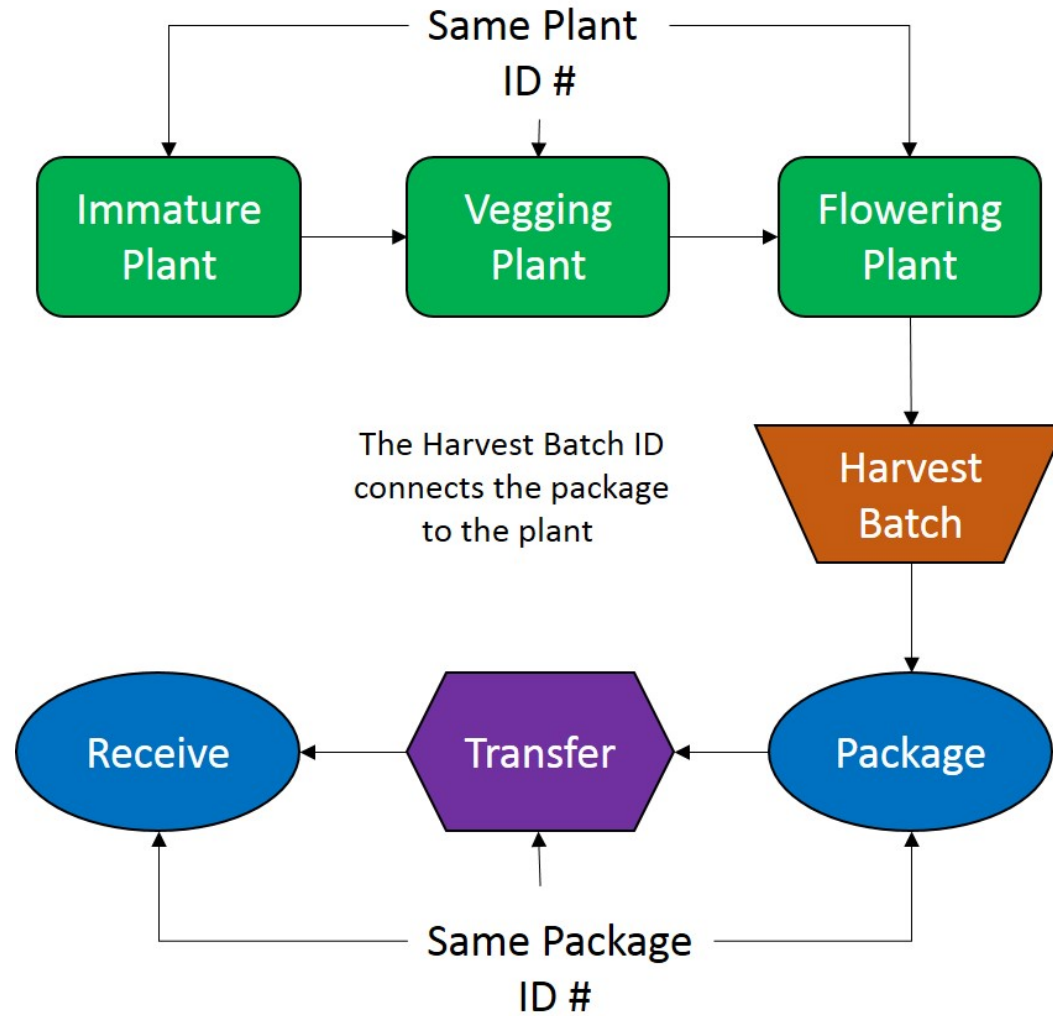
# Tags and Tracking

# Tagged Inventory in Metrc

- There are two types of tagged inventory in Metrc; **Plants and Packages**.
- **Plants** are immature, vegetative, or flowering. All plants must enter the system through immature plant batches. However, immature plants will be entered as un-tagged Planting Groups in Metrc.
- **Packages** are created from immature plants, harvest batches or other packages.





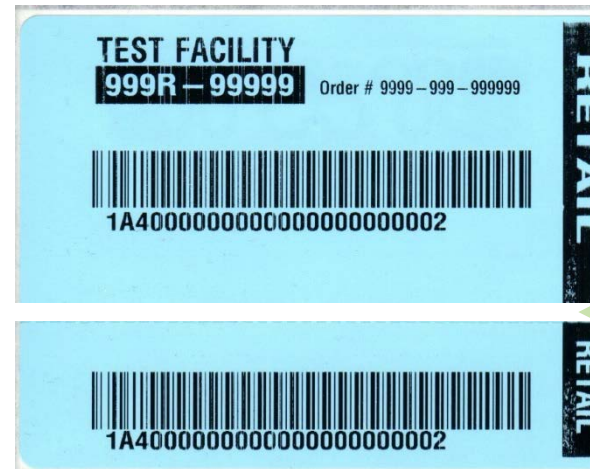


## Plant



## Package

- ▶ Peel and stick – adhesive backing.
- ▶ Package tag is used for transferring packages and tracking of finished product for each licensee in the chain of custody.
- ▶ The package tag is perforated with the "Package ID #" printed on the upper and lower sections. (example: can be used for jar labeling in order to identify associated package).





# Tag Attached to Larger Plant



# Attachment to Small Plant



Point of strap used for inserting into small plant container



Strap inserted into growth media

# Plant Tag Strap User Instructions



Notch

## Multi-Use straps

When assembling the tag to a strap, move the tag up until the notch catches the label through the hole, so that the label will not slide down.



When hanging the tag, release one end of the label, then tie the strap around the plant.



# Metric Plants



# Plant Tracking

Each phase of plant life captured

Each plant location captured

Ability to destroy or place plants on hold

Each plant uniquely serialized

Complete event history

The screenshot displays the 'Plants' management interface. At the top, there's a navigation bar with tabs: Plants, Packages, Transfers, Financials, Reports, and Admin. Below this, a green header bar contains the title 'Plants' and a user identifier 'MMC CO Cultivation | 212-MMC'. The main content area features a series of tabs for plant phases: Immature, Vegetative, Flowering, On Hold, Inactive, Harvested, and On Hold. Below these tabs are several action buttons: Change Room, Change Growth Phase, Assign Tags, Replace Tag, Destroy Plants, Changes by Room, Manicure Plants, and Harvest Plants. The central part of the interface is a table listing plants with columns: Tag, Strain, Room, On Hold, Batch Date, and Phase Date. The first plant listed has Tag 'ABCDEF012345670000010711', Strain 'AK-47', Room 'Plants Room', On Hold 'No', Batch Date '06/20/2014', and Phase Date '07/20/2014'. Below this table, a detailed event history for the selected plant is shown, with columns: Description, Employee, Date, and Reported. The events include: 'Planted' (SCOTT DENHOLM, 06/20/2014, 09/18/2014 01:10 am), 'Plant moved to room "Plants Room"' (SCOTT DENHOLM, 06/30/2014, 09/18/2014 01:10 am), 'Changed Growth Phase to Vegetative' (SCOTT DENHOLM, 06/30/2014, 09/18/2014 01:10 am), 'Attached tag ABCDEF012345670000010711' (SCOTT DENHOLM, 06/30/2014, 09/18/2014 01:10 am), and 'Changed Growth Phase to Flowering' (SCOTT DENHOLM, 07/20/2014, 09/18/2014 01:10 am). At the bottom, there's a pagination bar showing 'Page 1 of 1' and '20 items per page', along with a 'Viewing 1 - 5 (5 total)' indicator.

Tag	Strain	Room	On Hold	Batch Date	Phase Date
ABCDEF012345670000010711	AK-47	Plants Room	No	06/20/2014	07/20/2014

Description	Employee	Date	Reported
Planted	SCOTT DENHOLM (X00086)	06/20/2014	09/18/2014 01:10 am
Plant moved to room "Plants Room"	SCOTT DENHOLM (X00086)	06/30/2014	09/18/2014 01:10 am
Changed Growth Phase to Vegetative	SCOTT DENHOLM (X00086)	06/30/2014	09/18/2014 01:10 am
Attached tag ABCDEF012345670000010711	SCOTT DENHOLM (X00086)	06/30/2014	09/18/2014 01:10 am
Changed Growth Phase to Flowering	SCOTT DENHOLM (X00086)	07/20/2014	09/18/2014 01:10 am

# Harvest Tracking

Harvest  
details  
captured

metrc Plants Packages Transfers Retail Initiative Financials Reports Admin Help & Support

Plants MMC CO OPC

Immature Vegetative Flowering On Hold Inactive Harvested On Hold Inactive

Create Packages Report Waste Finish Batch

Harvest Batch	Type	Room	Wet Weight	On Hold	Batch Date
2014-07-30-Harvest Room-M	Manicure	Harvest Room	40 oz	No	07/30/2014
2014-07-30-Harvest Room-H	Harvest	Harvest Room	40 oz	No	07/30/2014
GA Red Kush 9-22	Harvest	Harvest Room	316.8 g	No	09/22/2014
GA Red Kush 9-30	Harvest	Harvest Room	396.8 g	No	09/30/2014
GA Red Kush 10-1	Manicure	Harvest Room	40 oz	No	10/01/2014
GA Red Kush 10-2					10/02/2014
Spring Hill Kush 10-10					10/10/2014

Page 1

Viewing 1 - 7 (7 total)

Harvest created in room "Harvest Room"	Employee	Date	Reported
Manicured 1 Ounces from Plant ABCDEF012345670000010021	SCOTT DENHOLM (X00086)	07/30/2014	09/18/2014 01:10 am
Manicured 1 Ounces from Plant ABCDEF012345670000010022	SCOTT DENHOLM (X00086)	07/30/2014	09/18/2014 01:10 am
Manicured 1 Ounces from Plant ABCDEF012345670000010023	SCOTT DENHOLM (X00086)	07/30/2014	09/18/2014 01:10 am
Manicured 1 Ounces from Plant ABCDEF012345670000010024	SCOTT DENHOLM (X00086)	07/30/2014	09/18/2014 01:10 am
Manicured 1 Ounces from Plant ABCDEF012345670000010025	SCOTT DENHOLM (X00086)	07/30/2014	09/18/2014 01:10 am
Manicured 1 Ounces from Plant ABCDEF012345670000010026	SCOTT DENHOLM (X00086)	07/30/2014	09/18/2014 01:10 am

Each harvest  
captured

All associated  
plant data  
captured



# Packages

# Packages - Definition

- Any amount of marijuana or infused product that may be sold, processed or transferred and must be placed into one or more containers, each having a unique tag created in Metrc.
- Any product intended for transfer must have a package tag.
- Metrc allows you to repack any package into a new package.



**5 Lbs. wholesale  
Limit by rule**

# Package Tracking

Each package  
uniquely serialized

Complete package  
status & history

metrc

Plants

Packages

Transfers

Financials

Reports

Admin

Help & Support

X00086

MMC CO Cultivation | 212-MMC

# Packages

ActiveOn HoldInactive

New PackagesSubmit for TestingNew TransferAdjust PackagesFinish Packages

Tag	Harvest	Item	Category	Quantity	Prod. Batch	Lab Testing	On Hold	Date		
ABCDEF012345670000010741	2014-07-30-Harvest Room-M	Buds	Buds	1 oz	No	NotSubmitted	No	08/09/2014	Discontinue	
Description				Employee		Date	Reported			
Packaged 1 Ounces of Buds from Harvest "2014-07-30-Harvest Room-M"				SCOTT DENHOLM (X00086)		08/09/2014	09/18/2014 01:10 am			
⏪ ⏩ 1 Page 1 of 1 20 items per page										Viewing 1 - 1 (1 total)
ABCDEF012345670000010742	2014-07-30-Harvest Room-H	Buds	Buds	1 oz	No	NotSubmitted	No	08/09/2014	Discontinue	
ABCDEF012345670000010743	2014-07-30-Harvest Room-M	Buds	Buds	1 oz	No	NotSubmitted	No	08/09/2014	Discontinue	

All associated  
plant data  
captured



# Transfers

# Transfers

- A transfer must be created anytime a package moves from one physical location or licensed facility to another.
- A transfer can be rejected by package or completely.
- A rejected package will require the originating Licensee receive the package back into their custody.

**New Transfer**

Scooter (X00086) Ford Mustang 123 gofast

Occupational X00086 Vehicle Make Ford

Driver's Name Scooter Vehicle Model Mustang

Driver's Lic. No. DL98765AB License Plate 123 gofast

Phone No. for Questions (use default)

Destination 1 402-X0001 Type Transfer

Planned Route

Est. Departure today 09 : 36 AM

Est. Arrival today 09 : 36 AM

**MARIJUANA ENFORCEMENT DIVISION**  
**MARIJUANA TRANSPORTATION MANIFEST**

All sales transactions are to be completed prior to transportation of any Medical Marijuana. The originating entity must report product delivered, but amount delivered must be limited to amount agreed upon in prior sales transactions. If the person transporting Medical Marijuana has not yet received his or her occupational license number, put "Pending" in the appropriate field.

Manifest # :	000000040	Date Completed:	01/26/2016
License # of Originating Entity:	300-X0002	For MED Use Only	
Name of Originating Entity:	OR LOFTY ESTABLISHMENT, LLC		
Address of Originating Entity:	4079 SE McLoughlin Blvd. Portland, OR 97222-7355		
Phone # of Originating Entity:	123.456.7890		
Phone # MED Can Call with Questions:	123.456.7890		
DESTINATION:	OR LOFTY ESTABLISHMENT, LLC	Destination License Number:	200-X0002
Stop Number on Route:	1	Date and Approximate Time of Departure:	1/27/16 3:09 PM
Address of Destination:	3079 SE McLoughlin Blvd. Portland, OR 97222-7355	Date and Approximate Time of Arrival:	1/28/16 3:09 AM
Route to Be Traveled:	I will use this route:		
Notes:	Notes: areas for intercepting transactions (e.g., road blocks, etc.)		
Item Description	Item Label	Weight/Quantity	
Shake/Tin	ABCD01234567000012079	15.0000	
Shake/Tin	ABCD01234567000012080	14.0000	
Shake/Tin	ABCD01234567000012081	10.0000	
Shake/Tin	ABCD01234567000012082	15.0000	
<b>PRODUCT REJECTION (if only a portion of shipment is rejected, circle that portion above)</b>			
Name of Person Receiving or Rejecting Product:			
I confirm that the contents of this shipment match weight records entered above, and I agree to take custody of those portions of this shipment not listed above. Those portions listed were returned to the individual delivering this shipment.			
Signature:			Date:
Signature of individual taking receipt of rejected portion of this shipment:			
Name of Person Transporting:	X	Occupational License # of Person Transporting:	Pending
Signature of Person Transporting:			
Make, Model, License Plate #:	X X X		

# Transfer Tracking

Transfer manifest created, moved and monitored by the system

Detailed transfer manifest and history captured

MMC CO Lakeland Store | 402-MMC

New Transfer View Manifest

Incoming Outgoing Rejected

Manifest	License	Origin	Driver	Vehicle Info	Packages	Est. Departure	Est. Arrival	Received	
0000001603	403-MMC1	MMC CO LLC	Scooter Brown	Make: X Model: X Lic. Plate: X	1	10/13/2014 01:07 pm	10/13/2014 01:07 pm	10/13/2014 12:08 pm	
0000001601	403-MMC1	MMC CO LLC	Scooter Brown	Make: X Model: X Lic. Plate: X	5	10/13/2014 12:51 pm	10/13/2014 12:51 pm	10/13/2014 11:56 am	

Package	Item	Shipped Qty.	Received Qty.	Status
ABCDEF012345670000020253	Immature Plants - GA Red Kush	2 ea	2 ea	Accepted
ABCDEF012345670000020254	Buds - GA Red Kush	453.6 g	453.6 g	Accepted
ABCDEF012345670000020256	Shake/Trim	453.6 g	453.6 g	Accepted
ABCDEF012345670000020257	Shake/Trim	450 g	450 g	Accepted
ABCDEF012345670000020258	Buds - GA Red Kush	451 g	451 g	Accepted

Page 1 of 1 20 items per page Viewing 1 - 5 (5 total)

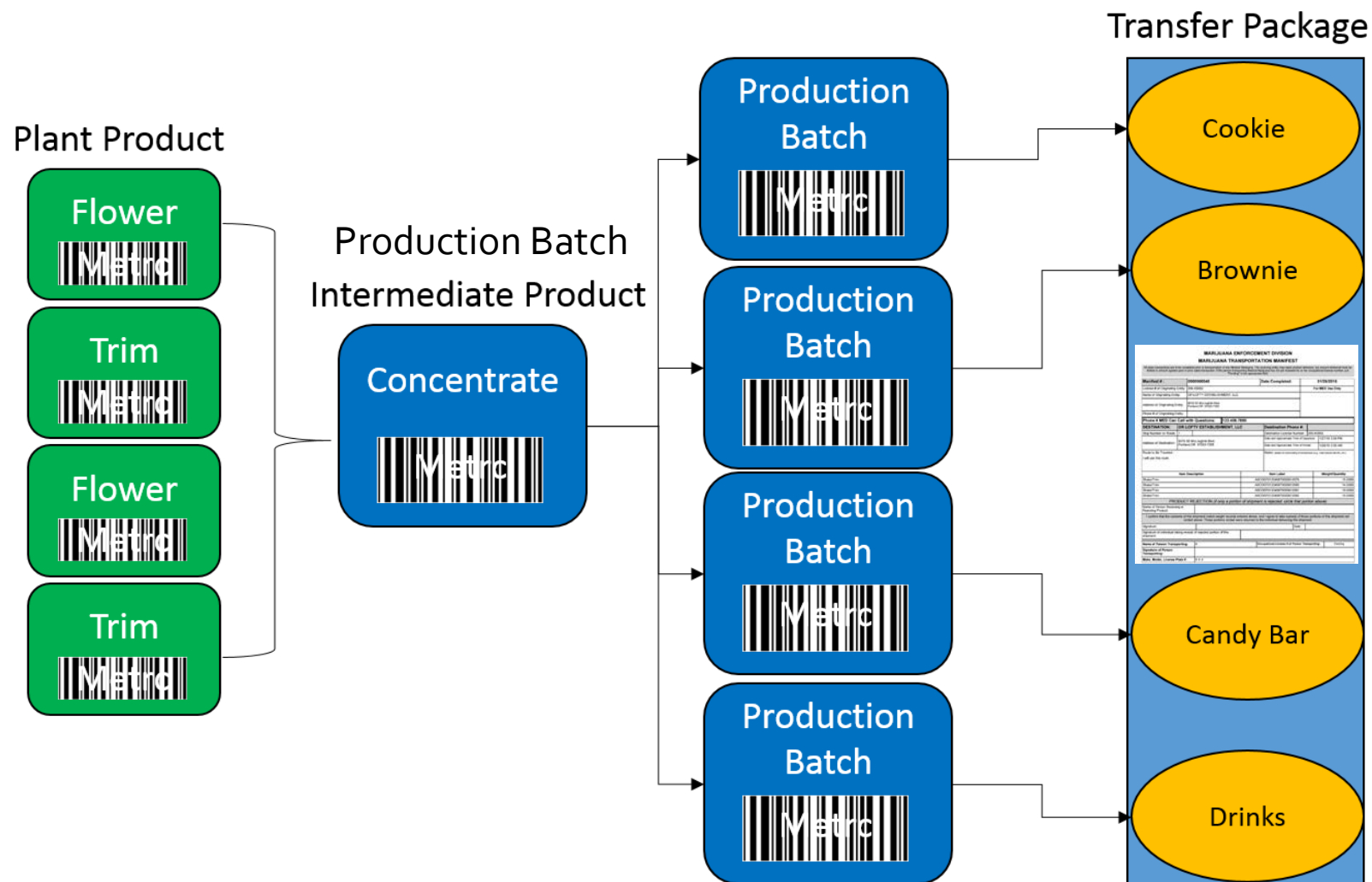
0000001501	403-MMC1	MMC CO LLC	Scooter Brown	Make: X Model: X Lic. Plate: X	1	10/10/2014 12:47 pm	10/10/2014 12:47 pm	10/10/2014 11:50 am	
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# Processors

# Edible/Non-Edible Process



# Sales Tracking

## Sales Reporting

meirc Packages Transfers **Sales** Data Import Financials Reports Admin Help & Support X00086

**Sales** MMC CO Lakeland Store | 402-MMC3

Record Sales Transactions Import

Sales Date	Transactions	Packages	Total
09/18/2014	40	40	\$399.60
09/19/2014	3	3	\$87.90
09/20/2014	3	3	\$194.99
09/25/2014	2	2	\$45.49
09/26/2014	2	2	\$109.99
10/01/2014	1	1	\$95.00
10/02/2014	2	2	\$37.50
10/03/2014	2	2	\$17.95
10/06/2014	2	2	\$27.00
10/10/2014	2	2	\$32.98
10/11/2014	2	2	\$117.00

Page 1 of 1 20 items per page Viewing 1 - 11 (11 total)



# RFID, What & Why

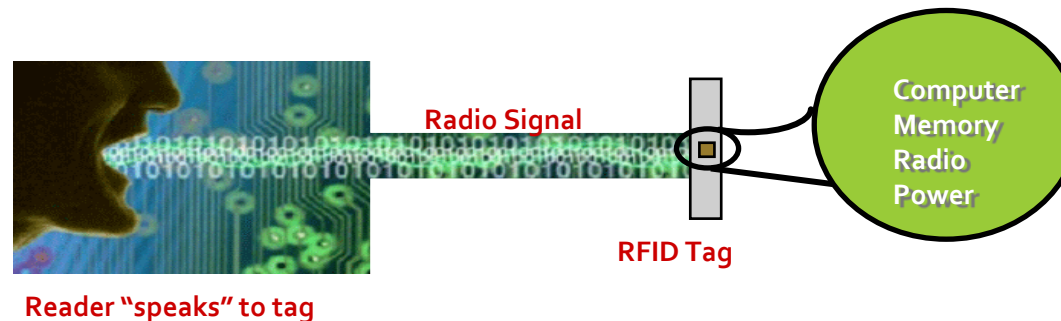
# RFID

## What?

- Radio Frequency Identification
  - A technology that identifies objects using low-power radio frequency technology.
- RFID Solutions consist of three components:
  - Hardware (Reader and Antenna)
  - RFID Tag
  - Software

## Why?

- Read Range – 10+ Feet
- No line of sight
- Speed 8 to 10 times faster than bar-code
  - Improved Accuracy
  - Faster compliance
  - Search and find feature





# Integration and Reporting

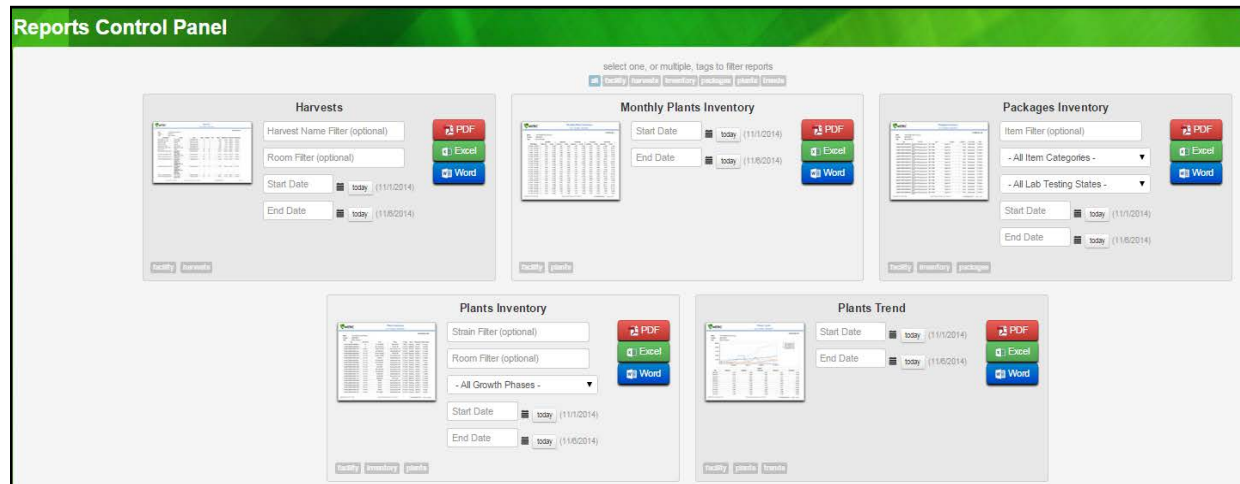
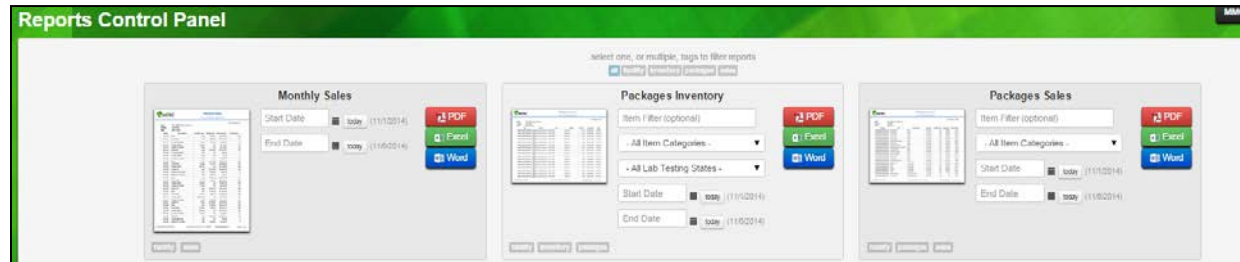
# Application Programming Interface

- The API supports data transfer FROM vendor applications to METRC
- The API supports data transfer TO vendor applications from METRC
- The API supports data transfer FROM agency applications to METRC
- The API supports data transfer TO agency applications from METRC

*Third party vendors  
certification process currently  
in process*



# Reports



Sales

Cultivation

Transfer

Package

Reports  
configured with  
trend Analysis

Exportable to  
MS Word, MS  
Excel and PDF  
formats





Support

# Support Resources

- Metrc Manual/User Guide
- Quick Reference guide
- Training
- FAQ's [www.metrc.com](http://www.metrc.com)
- **Interactive Support**
- E-mail
  - [Support@metrc.com](mailto:Support@metrc.com)
  - Metrc support line - 877-566-6506
- Dedicated US based staff
- Dedicated Staff
  - Tickets:
    - Total: 21,052
    - Email: 15,100
    - Phone: 5,952





### **Contact Information**

**Support Desk**

877-556-6506

Support-or@metrc.com

[www.metrc.com/Alaska](http://www.metrc.com/Alaska)

# ALASKA MARIJUANA TAX



Presented by Brandon Spanos  
August 29, 2016



# EXCISE TAX ON MARIJUANA

- Voter passed initiative created a \$50 / ounce excise tax that is imposed on the marijuana cultivation facility but allowed the Department of Revenue to exempt parts of the plant or establish a lower rate for parts of the plant.
- Regulations impose the \$50 / ounce tax on the bud and flower and a \$15 / ounce tax on all other parts of the plant.
- The tax return and payment are due on the last day of the month following the month of the sale or transfer.
- Failure to pay the tax may result in the taxpayer's license being revoked.
- The Department of Revenue estimates tax revenue between \$5 million and \$19 million for the first year.



# CHALLENGES

- Federal versus State
- Inability to tax marijuana that does not come from a licensed cultivator
- Bonding
- Cash collection
  - Payments made to Department via drop safe or mail
  - Large payments by appointment via pass-through safe





## QUESTIONS?

Brandon Spanos

Deputy Director, Tax Division

907.269.6736

[brandon.spanos@alaska.gov](mailto:brandon.spanos@alaska.gov)