



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

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

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

Metric Training for Finance Officers

**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 Metric (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. 7th 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.

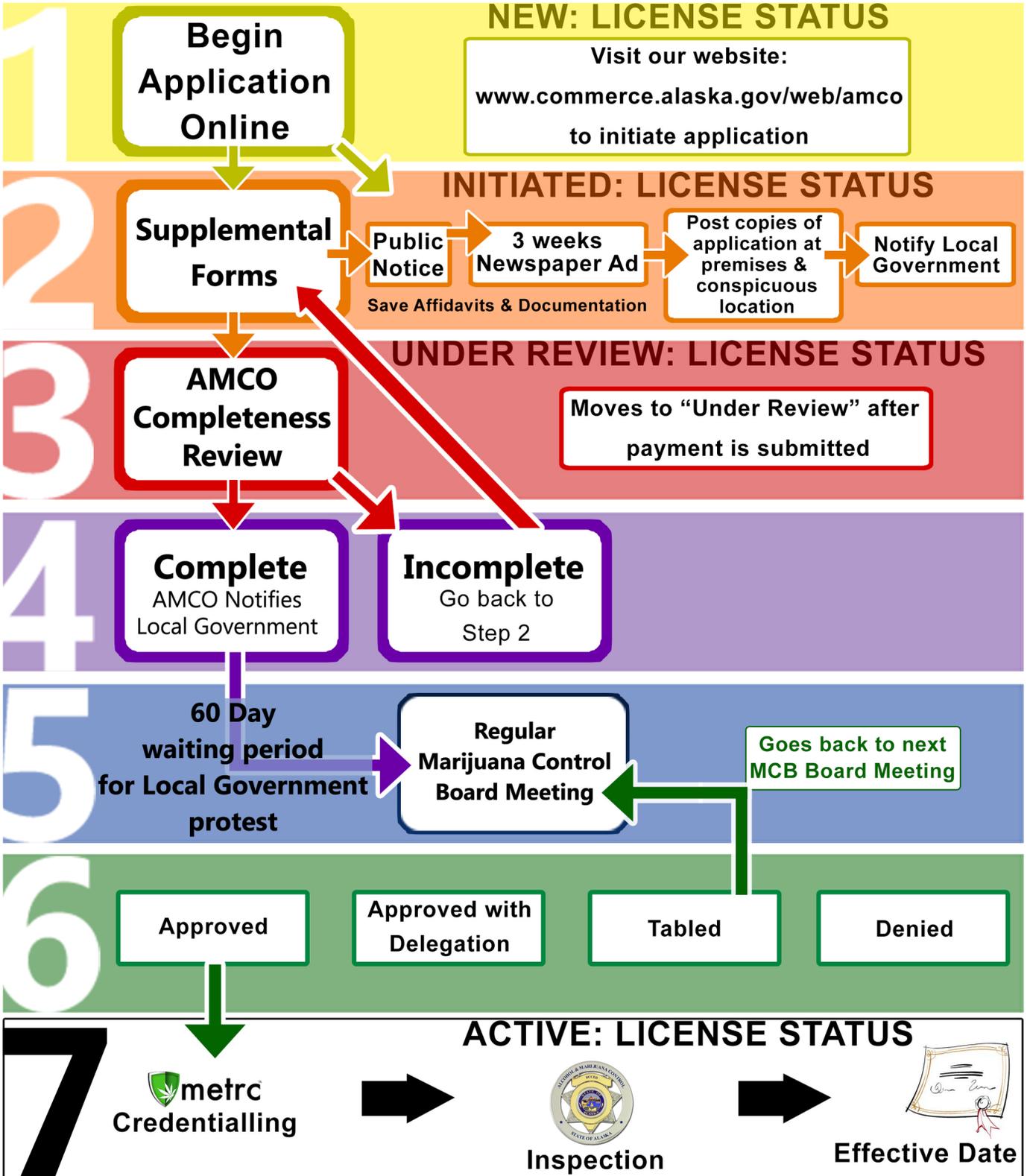
- **State of Alaska Tax Collection** 11:15 am
 - Brandon Spanos, Deputy Director Tax Division, Alaska Department of Revenue

- **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



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

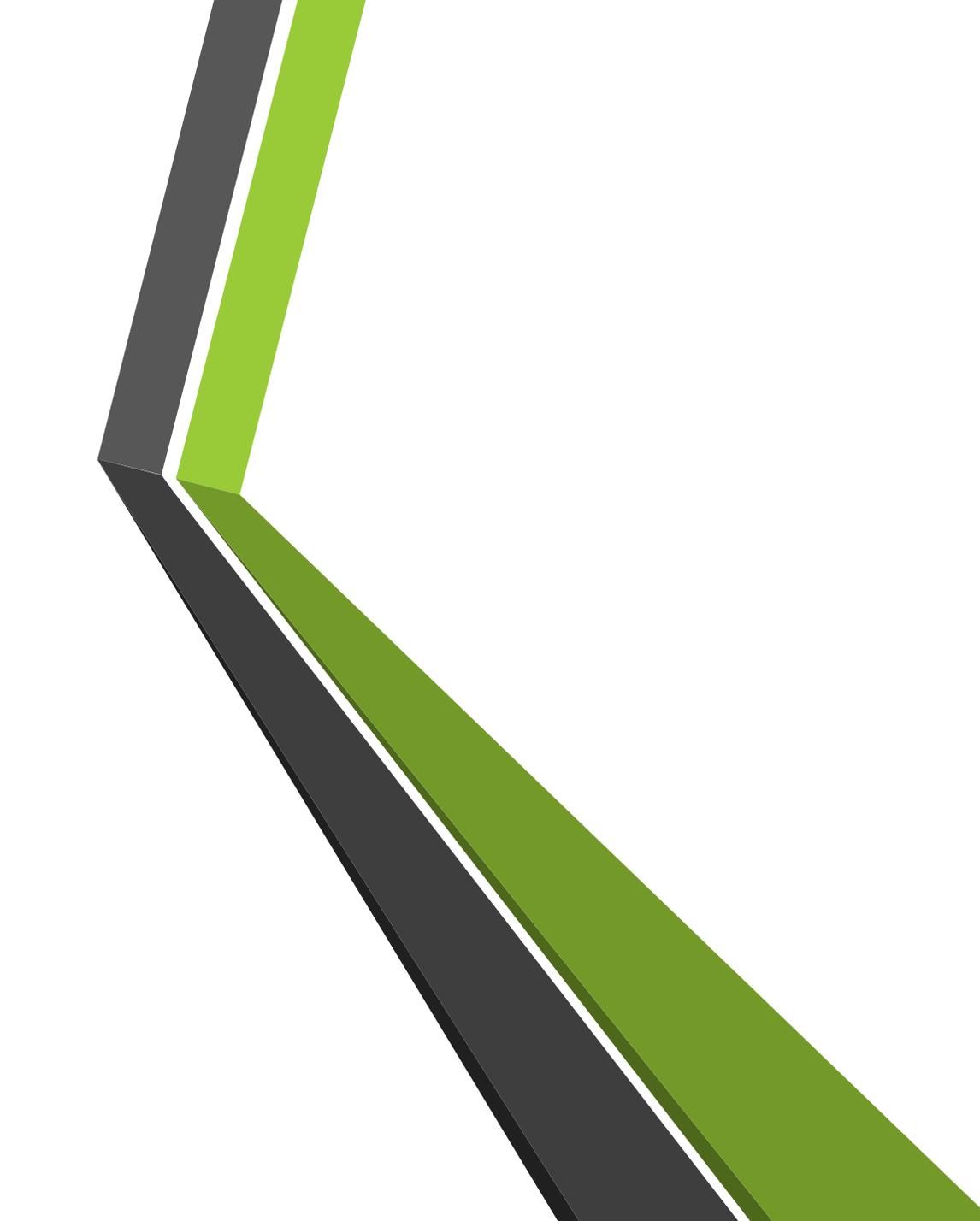
FROM: James M. Cole 
Deputy Attorney General

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 Metric?

Scope

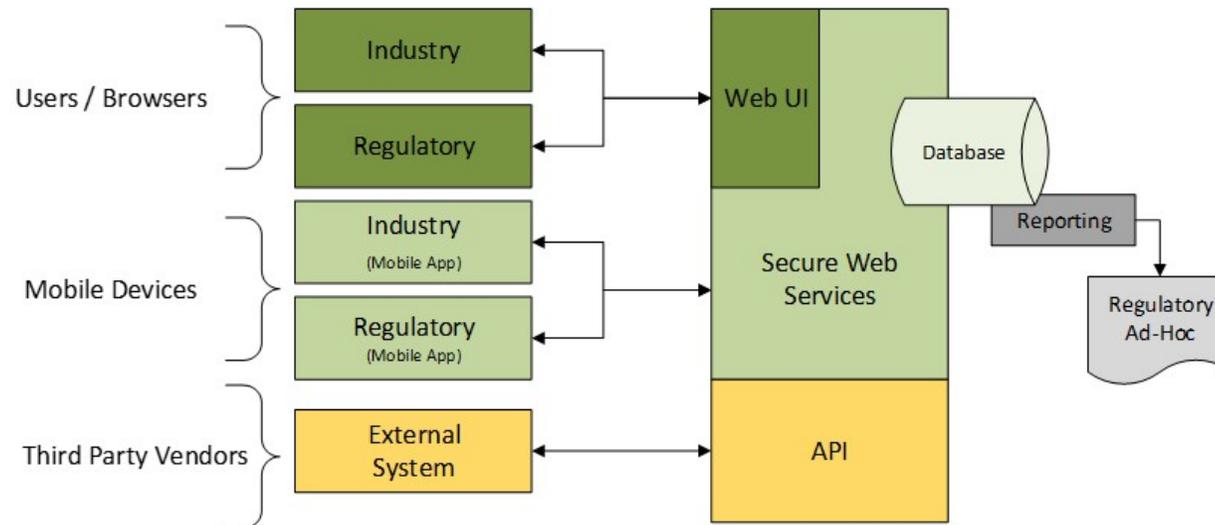
- Metrc™ is a compliance management solution used by regulatory bodies for the oversight of the marijuana industry.
- Metrc is a cloud hosted on-line software reporting system used by licensed marijuana businesses to manage and report supply chain activities as required by state rules.



What Makes up Metr

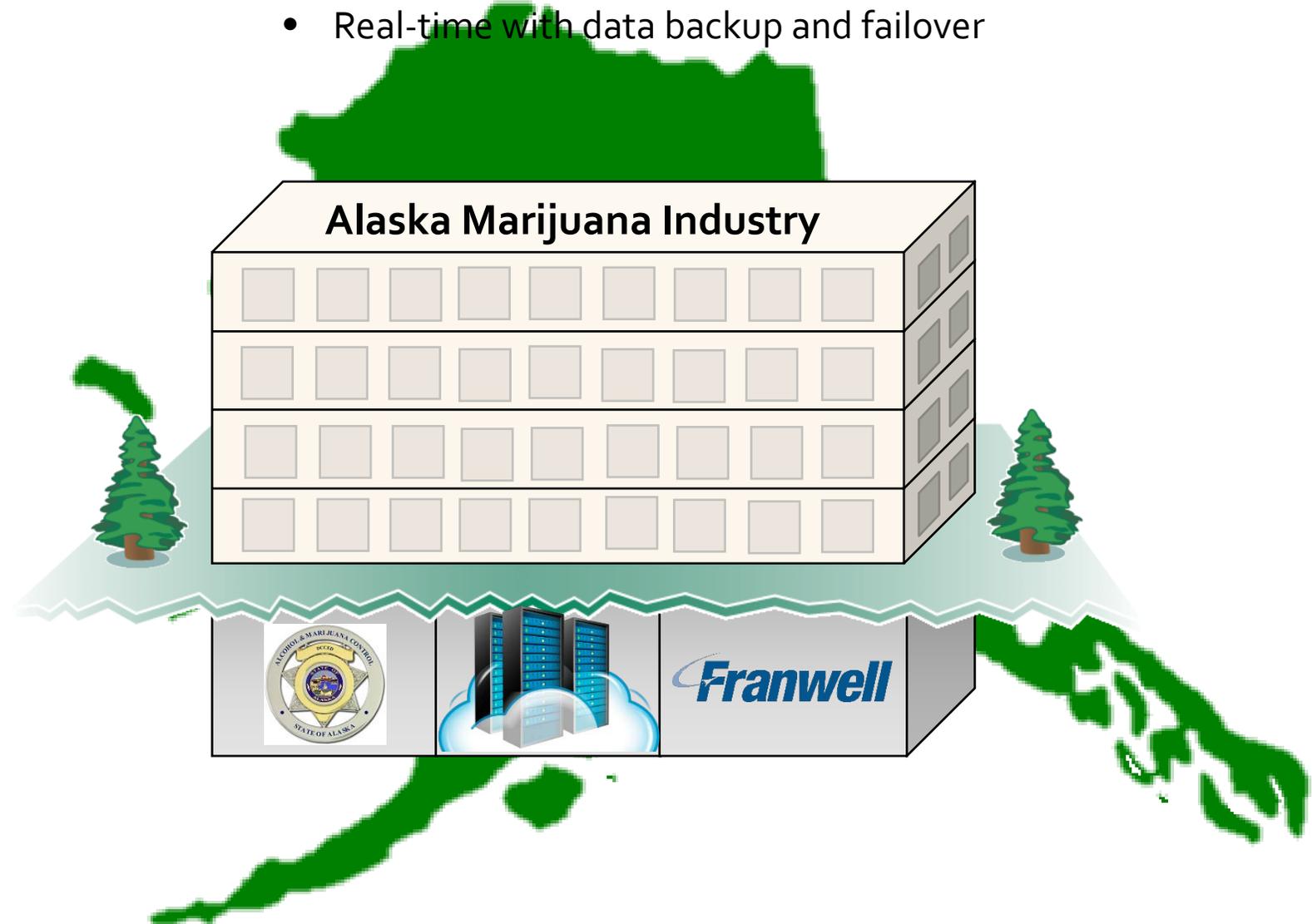
The system consists of:

- 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



Metric'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

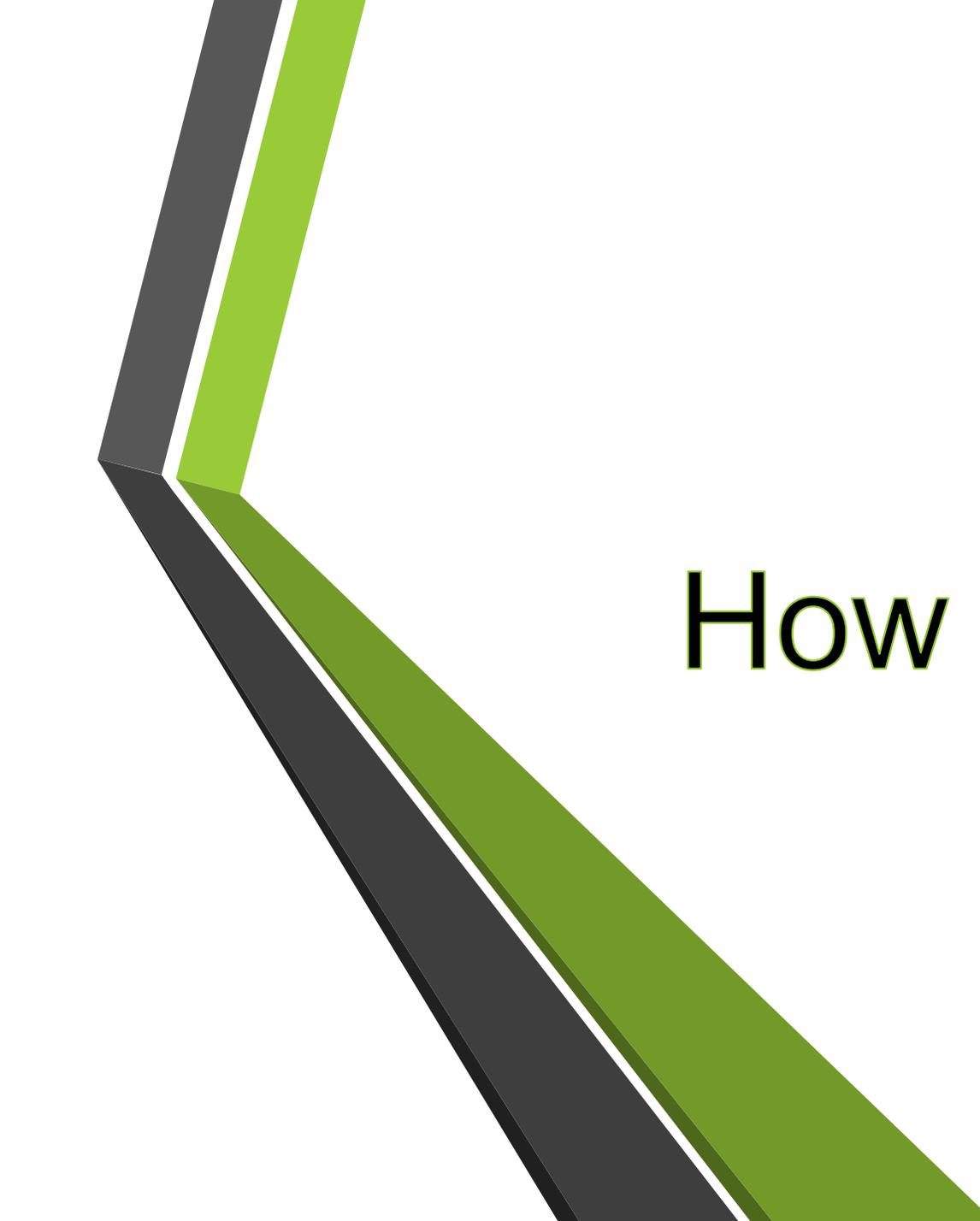


Brookings Research

- *“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.”*

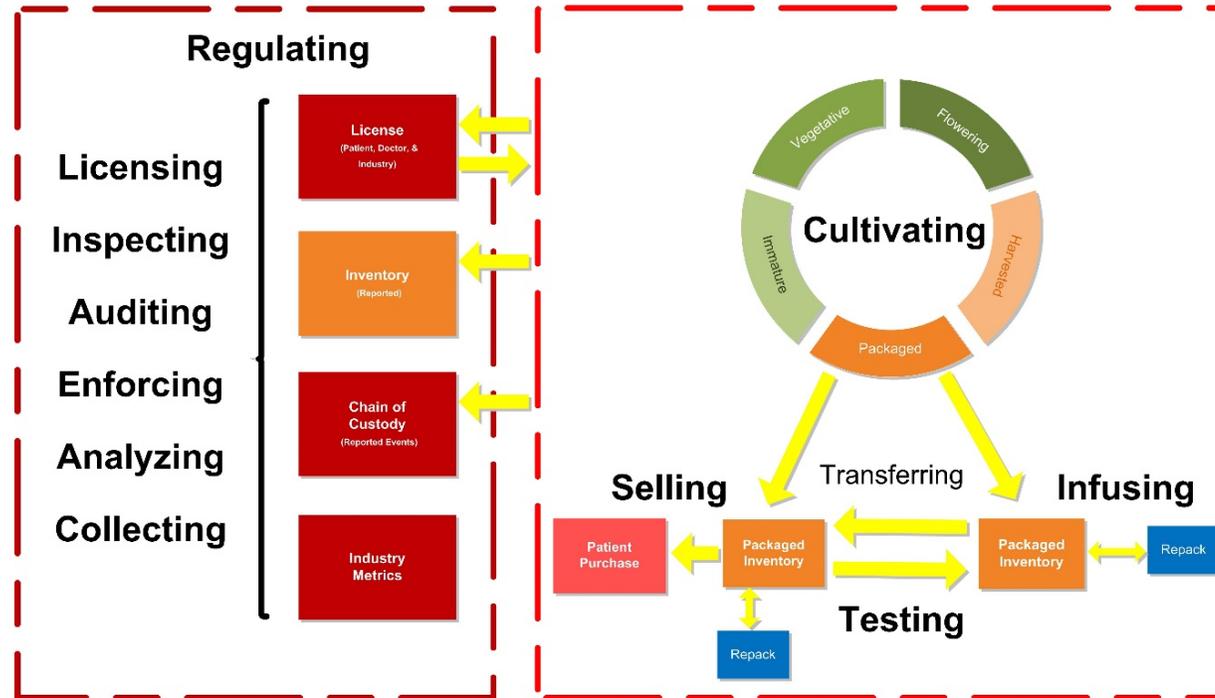
John Hudak, Brookings Institute, July 31, 2014



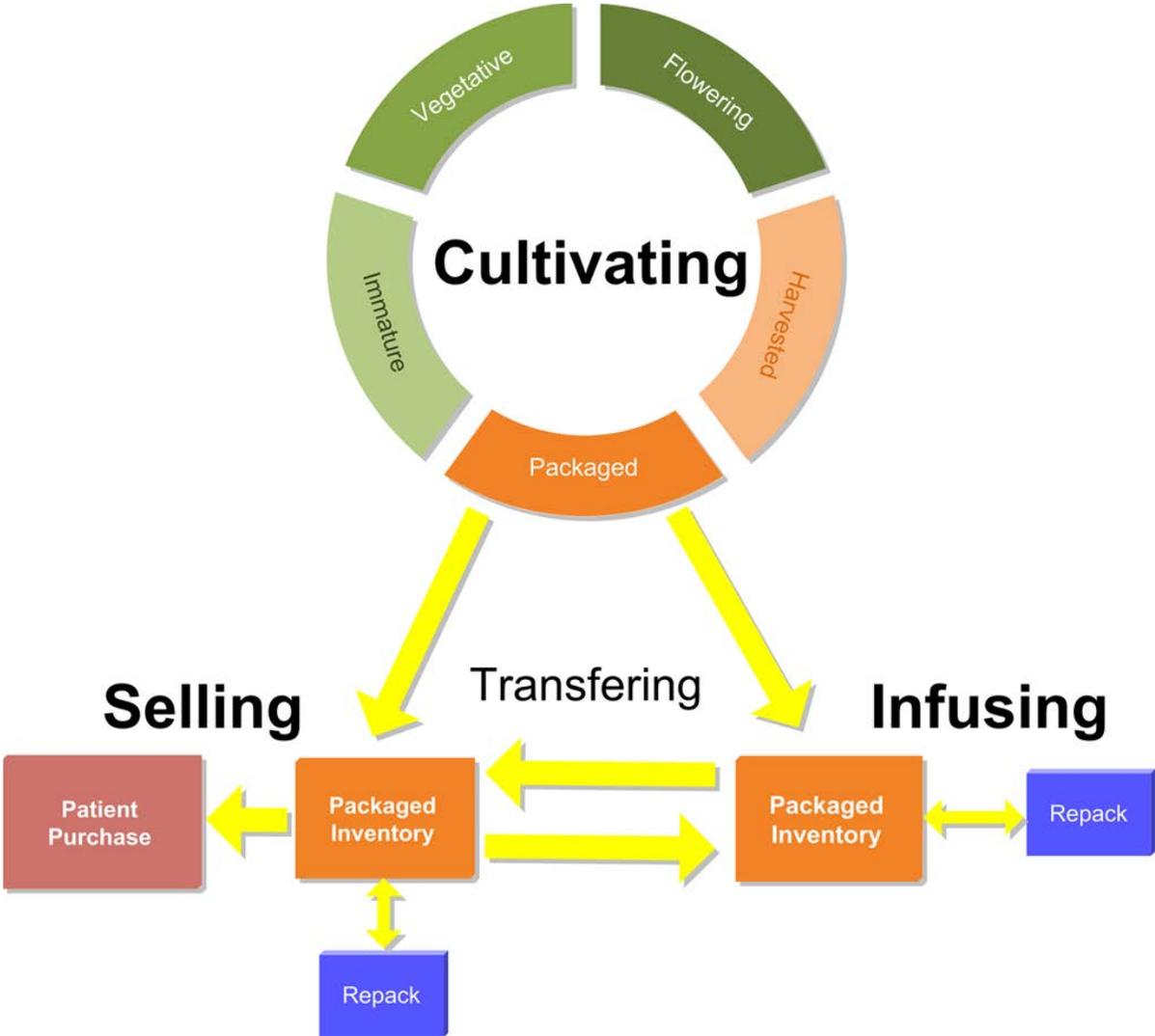


How Does Metrc Work

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				



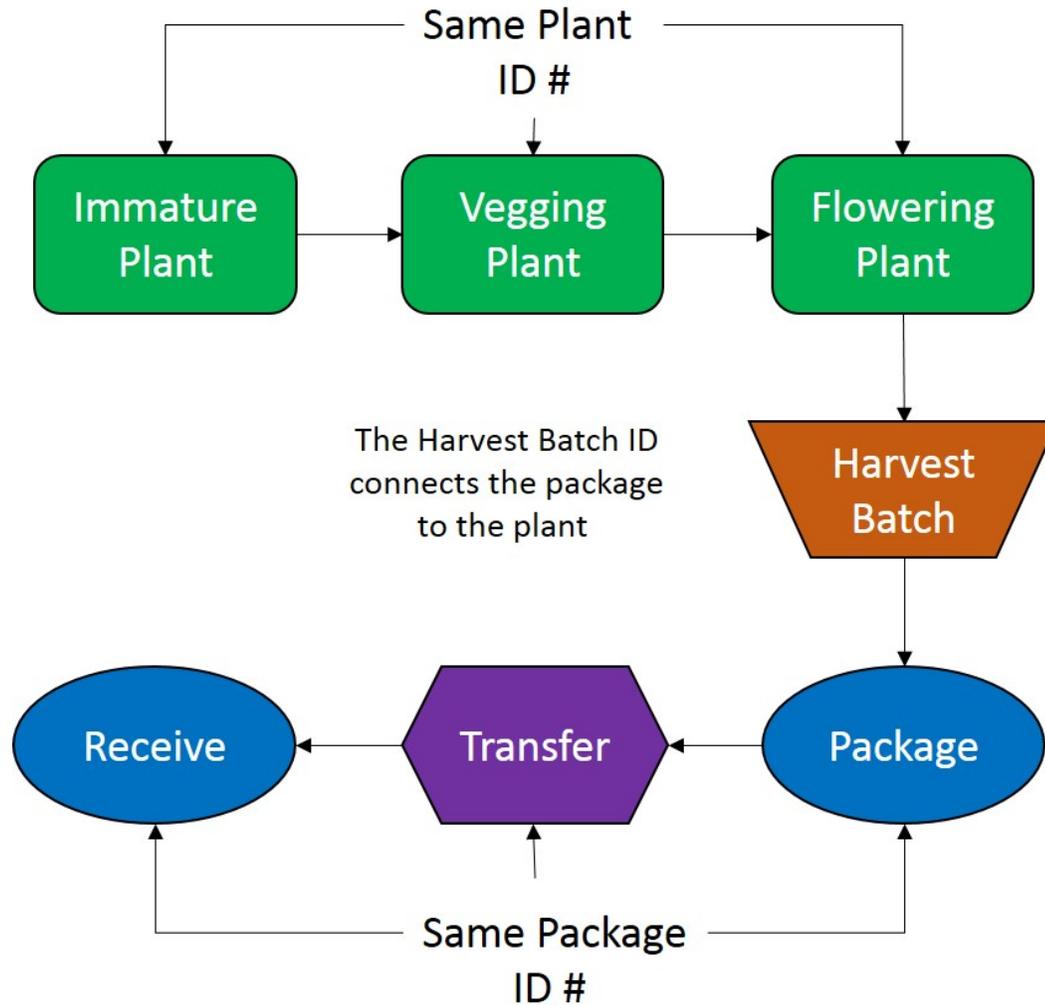
Tags and Tracking

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.



Chain of Custody



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 shows a web application interface for plant tracking. At the top, there is a navigation bar with tabs for 'Plants', 'Packages', 'Transfers', 'Financials', 'Reports', and 'Admin'. The main header is green and contains the title 'Plants' and a user identifier 'MMC CO Cultivation | 212-MMC'. Below the header, there are several tabs representing plant phases: 'Immature', 'Vegetative', 'Flowering', 'On Hold', 'Inactive', 'Harvested', and 'On Hold'. A toolbar contains buttons for 'Change Room', 'Change Growth Phase', 'Assign Tags', 'Replace Tag', 'Destroy Plants', 'Changes by Room', 'Manicure Plants', and 'Harvest Plants'. The main content area displays a table of plants with columns for Tag, Strain, Room, On Hold, Batch Date, and Phase Date. The first row shows a plant with tag 'ABCDEF012345670000010711', strain 'AK-47', in 'Plants Room', not on hold, with a batch date of '06/20/2014' and a phase date of '07/20/2014'. Below this, an event history table shows a sequence of actions: 'Planted', 'Plant moved to room "Plants Room"', 'Changed Growth Phase to Vegetative', 'Attached tag ABCDEF012345670000010711', and 'Changed Growth Phase to Flowering', each with an employee name 'SCOTT DENHOLM (X00086)' and a date. At the bottom, there is a pagination control showing 'Page 1 of 1' and '20 items per page', and a status 'Viewing 1 - 5 (5 total)'.

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

The screenshot shows the 'Plants' section of the metrc application. The 'Harvested' tab is selected. Below the tabs are buttons for 'Create Packages', 'Report Waste', and 'Finish Batch'. The main table lists harvest batches with columns for Harvest Batch, Type, Room, Wet Weight, On Hold, and Batch Date. A detailed view for the 'Spring Hill Kush 10-10' batch is expanded, showing a table of associated plant data with columns for Employee, Date, and Report Date.

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

Employee	Date	Report Date
SCOTT DENHOLM (X00086)	07/30/2014	09/18/2014 01:10 am
SCOTT DENHOLM (X00086)	07/30/2014	09/18/2014 01:10 am
SCOTT DENHOLM (X00086)	07/30/2014	09/18/2014 01:10 am
SCOTT DENHOLM (X00086)	07/30/2014	09/18/2014 01:10 am
SCOTT DENHOLM (X00086)	07/30/2014	09/18/2014 01:10 am
SCOTT DENHOLM (X00086)	07/30/2014	09/18/2014 01:10 am
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

The screenshot shows the 'metrc' web application interface for 'Packages'. The top navigation bar includes 'Plants', 'Packages', 'Transfers', 'Financials', 'Reports', and 'Admin'. The main header is 'Packages' with a sub-header 'MMC CO Cultivation | 212-MMC'. Below the header are tabs for 'Active', 'On Hold', and 'Inactive'. A toolbar contains buttons for 'New Packages', 'Submit for Testing', 'New Transfer', 'Adjust Packages', and 'Finish Packages'. The main content is a table with columns: Tag, Harvest, Item, Category, Quantity, Prod. Batch, Lab Testing, On Hold, and Date. The first row is expanded to show a detailed view with columns: Description, Employee, Date, and Reported. The table shows three packages, all with a quantity of 1 oz and a status of 'NotSubmitted'. The first package is highlighted with a callout box.

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		
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: [Empty Box]

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 Phone #:	
Stop Number on Route:	1	Destination License Number:	200.X0002
Address of Destination:	3079 SE McLoughlin Blvd Portland, OR 97222-7355	Date and Approximate Time of Departure:	1/27/16 3:09 PM
Route to Be Traveled:	I will use this route:	Date and Approximate Time of Arrival:	1/29/16 3:09 AM
<small>Notes: assess for transporting insurance(s) (e.g., need driver for use, etc.)</small>			
Item Description	Item Label	Weight/Quantity	
Shake/Tin	ABCD1234567000012079	15.0000	
Shake/Tin	ABCD1234567000012080	14.0000	
Shake/Tin	ABCD1234567000012081	10.0000	
Shake/Tin	ABCD1234567000012082	15.0000	
PRODUCT REJECTION (if only a portion of shipment is rejected, circle that portion above)			
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 circled above. Those portions circled 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

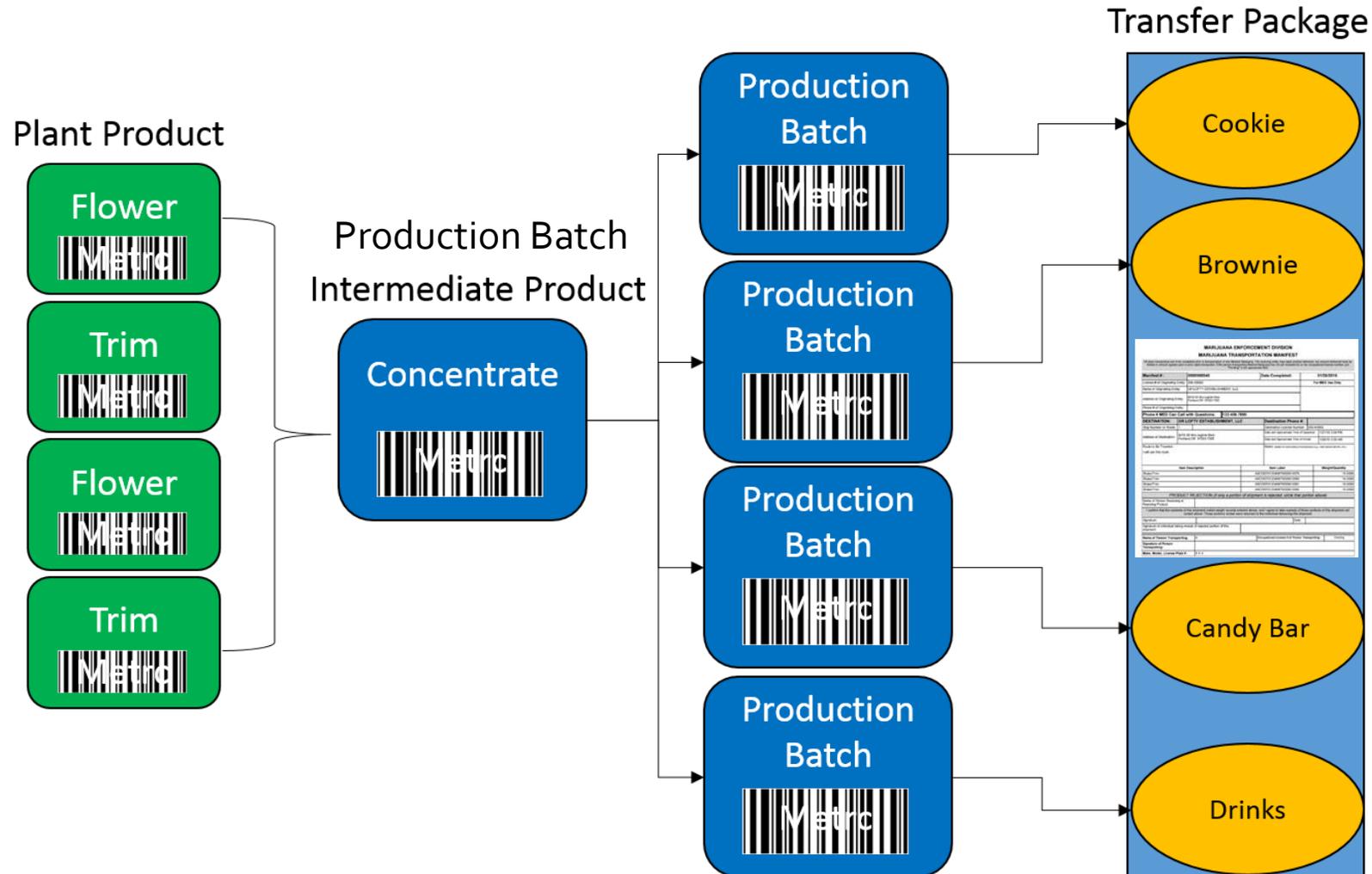
Page 1 of 1 20 items per page Viewing 1 - 5 (5 total)

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

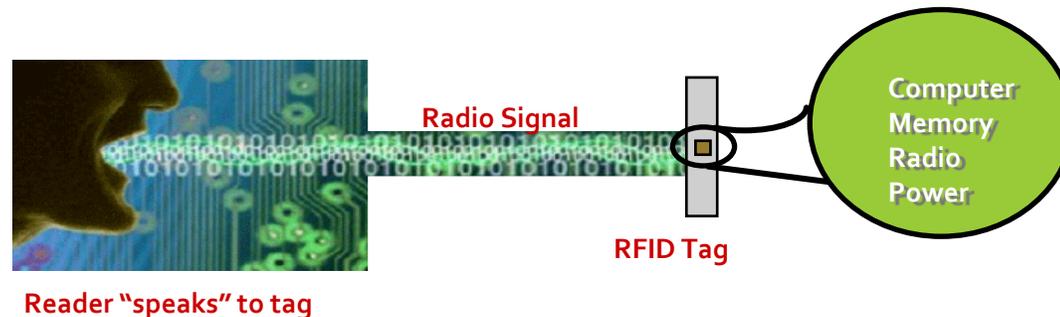
RFID

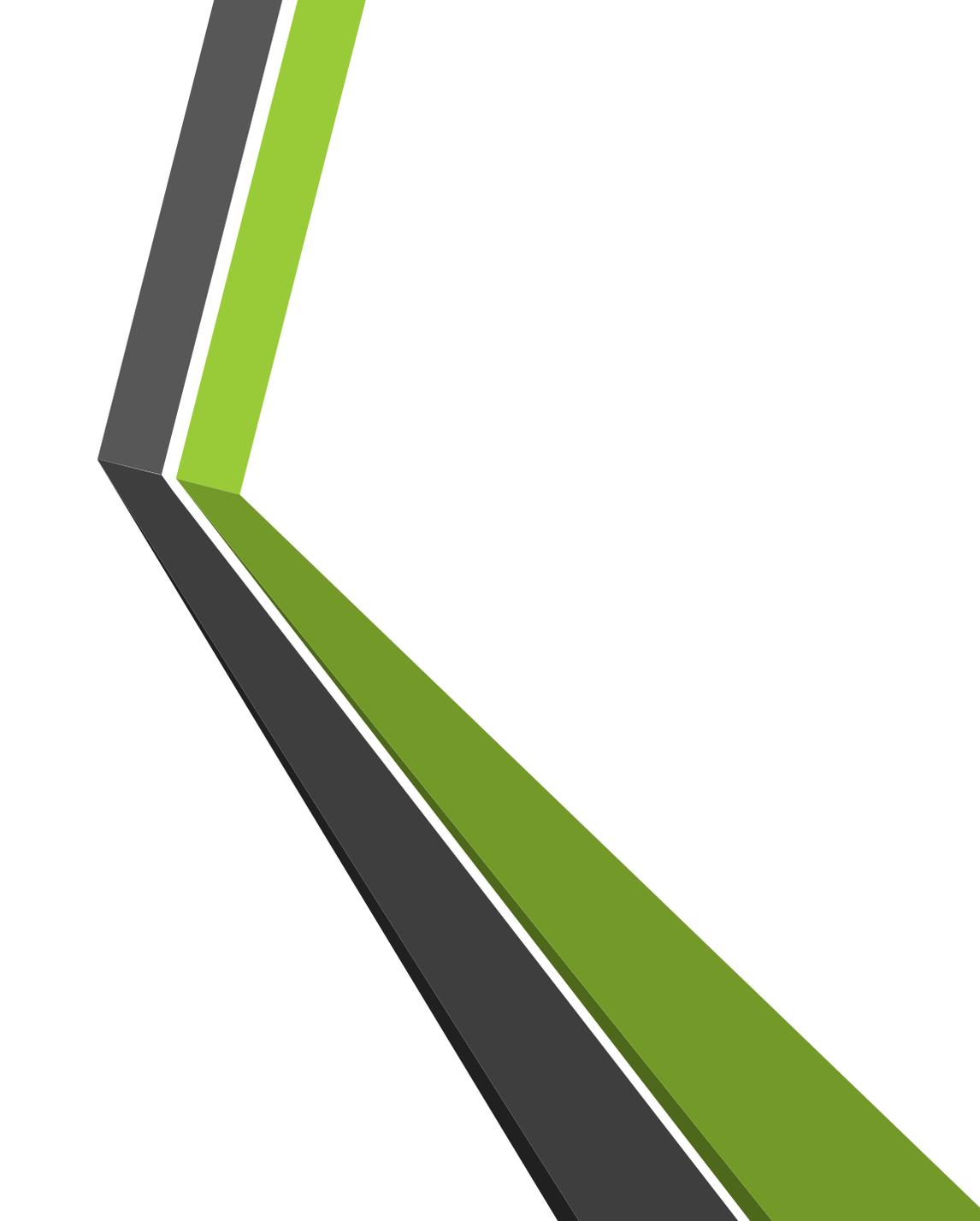
What?

- 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

The screenshot shows a 'Reports Control Panel' with a green header. Below the header, there are three report widgets: 'Monthly Sales', 'Packages Inventory', and 'Packages Sales'. Each widget includes a data table preview, a 'Start Date' field (set to 'today (11/1/2014)'), and an 'End Date' field (set to 'today (11/6/2014)'). To the right of each table are three buttons: 'PDF', 'Excel', and 'Word'. Above the widgets, there is a filter instruction: 'select one, or multiple, tags to filter reports' with a row of tags: 'Facility', 'Inventory', 'Package', and 'Strain'.

Sales

Cultivation

Transfer

Package

The screenshot shows a 'Reports Control Panel' with a green header. Below the header, there are five report widgets: 'Harvests', 'Monthly Plants Inventory', 'Packages Inventory', 'Plants Inventory', and 'Plants Trend'. Each widget includes a data table preview, a 'Start Date' field (set to 'today (11/1/2014)'), and an 'End Date' field (set to 'today (11/6/2014)'). To the right of each table are three buttons: 'PDF', 'Excel', and 'Word'. Above the widgets, there is a filter instruction: 'select one, or multiple, tags to filter reports' with a row of tags: 'Facility', 'Harvests', 'Inventory', 'Package', 'Plant', and 'Strain'.

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
- **Interactive Support**
- E-mail
 - 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

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