



## MEMORANDUM

TO: Peter Mlynarik, Chair, and  
Members of the MC Board

DATE: April 4, 2017

FROM: Erika McConnell, Director

RE: Director's Report

I am very pleased to have been appointed director of AMCO. My background is in land use planning, and I've worked at the Municipality of Anchorage for the last fourteen years, most recently as the city's marijuana coordinator.

My goals as director are to provide accurate, consistent, and timely licensing, permitting, enforcement, and information to the marijuana and alcohol industries, and to the general public. I'm happy to be working with a competent and professional group who have been very supportive during my first weeks on the job. I'm also grateful to Ms. Sara Chambers for providing excellent and stable leadership as acting director, and for continuing to assist with the transition and my steep learning curve.

As you know, the staffing resources provided to AMCO over the last several years have created a challenge to implementing these goals, entirely because of work load. The entire staff has pitched in, often doing work that is not normally within their purview, to keep the office functioning and meet statutory requirements, but customer service has suffered and some of the staff are on the edge of burnout. AMCO requested three additional positions in its 2018 budget: 2 examiners and 1 administrative assistant. So far, these positions have remained in the budget as it goes through the legislative process. We are trying to complete needed paperwork in advance so that if the positions are approved, we can hire as close to July 1 as possible.

In addition to day to day operational duties, I see the need for some structural work in the division. Roles and responsibilities need clarifying, additional process and procedure manuals need to be created, and training programs for some positions needs to be developed. My management team and I will be addressing these over time.

I look forward to working with the board, and I encourage you to contact me if you have questions, thoughts, or observations you'd like to discuss.

### **OPERATIONS**

The office purchased an ID card printer to make issuance of handler permit cards more efficient and professional. We are frequently asked to provide a replacement card for

handlers whose permit card has been lost or destroyed. As the time, effort, and supplies that go into generating a replacement card are essentially the same as generating the original card, the office is instituting a \$50 fee to replace handler permit cards that are lost or destroyed. This is supported by 3 AAC 306.100(e) which says, "The fee for a marijuana handler permit card is \$50."

## LEGISLATION

### • **SB 6: Industrial Hemp Production**

This bill will create, under the Division of Agriculture within DEC, an industrial hemp cultivation and manufacturing program. It specifically excludes cannabis and cannabis products with 0.3% or less THC from AMCO regulation.

SB 6 was passed out of Senate Resources and Senate Judiciary with amendments made in both committees and is currently in Senate Finance.

### • **SB 63: Regulation of Smoking**

This bill affects any plant product or vapor product intended for inhalation. It proposes to impact AMCO in three primary ways:

1. Restricts smoking in an enclosed area inside a restaurant or bar, within 10 feet of an entrance to a bar or restaurant licensed under AS 04, or at a cigarette/e-cig retail store licensed under AS 04.11 to serve alcohol at an outdoor location
2. Does not restrict smoking at a business licensed under AS 17.38 that is in a freestanding building, though other restrictions are placed on marijuana businesses that may wish to allow onsite consumption via smoking or e-cigarette inhalation
3. Permits AMCO staff acting as peace officers to enforce laws enacted under this statute.

SB 63 was passed out of Senate Health and Social Services and Senate Finance (with amendments), and passed the full Senate on March 27. After transmittal to the House, it was referred to House Community and Regional Affairs and House Judiciary, but its first hearing in HCRA has not yet been scheduled.

### • **HB113: Driving Under Influence: Marijuana**

No hearing has been scheduled for this bill

### • **FYI Only:**

- SB 15: E-Cig Sale To and Possession By Minor (In Senate Judiciary)
- HB 42: Forfeiture 7 Seizure: Procedure, Limits (In House Judiciary)
- SB 76: Alcoholic Beverage Control; Alcohol Reg (No hearing yet scheduled.)—SB 76 is a 112-page rewrite of the alcohol statutes that has been in the works since 2012. If/when this bill passes, the office will begin a regulations project to rewrite the alcohol regulations.

## AUDITS

- FBI Audit of Criminal Justice Information Security (CJIS) in late April
- Legislative audit of MCB and ABC is currently underway

## **TRAVEL AND CONFERENCES**

I traveled to Juneau last week to participate in a meeting on SB 76 and meet some of my counterparts in the department.

In mid-April, I and several others will be traveling to Olympia, Washington, to meet with the state regulators from Washington, Oregon, and Colorado. At this time, we anticipate I will be accompanied by Chair Mlynarik, Assistant Attorney General Milks, State Medical Officer Jay Butler, and an enforcement officer (Chief Hoelscher is unable to attend), but arrangements have not been finalized.

## **SPECIFIC ISSUES**

- Marijuana donations to charity fundraisers

Ms. Milks received an inquiry about a retail store contributing marijuana to a charity fundraiser. She advised that this was not permitted, and recommended that the board advise the public and licensees of this fact. 3 AAC 306.310(a)(5) requires retail stores to sell marijuana or marijuana product to a consumer who is physically present on the licensed premises. Additionally, federal gaming rules may apply.

## **NEXT MEETINGS**

The board will discuss whether or not to hold a May meeting at the end of the agenda.

The July meetings of the MCB and ABC board were originally scheduled to be held in Denali Park, but a comparison between the cost of holding the meetings in Denali versus holding the meetings in Fairbanks (the traditional location for the July meetings) showed that the Denali meetings would cost about \$4,500 more; approximately 250% of the cost of meeting in Fairbanks. Due to budget considerations, we will hold the July meetings in Fairbanks this year, and explore meeting in Denali next year.