



MEMORANDUM

TO: Mark Springer, Chair, and
Members of the Board

DATE: October 16, 2018

FROM: Erika McConnell, Director
Marijuana Control Board

RE: Regulations Project – All Licensees to
have Handler Permits; Effective Date
of Ownership Change

This project was noticed for public comment from September 6 to October 10, 2018.

All Licensees to have Handler Permits: The proposed change would clarify that all licensees must have handler permits, rather than just those who are directly involved with the operation of the business.

Effective Date of Ownership Change: The proposed regulation change would require that before an ownership change not requiring a transfer application is effectuated, the background checks be completed and eligibility of the proposed owners be determined.

Potential Actions: Any substantive amendments will require the project to be put out again for public comment. Otherwise, the project may be adopted.

3 AAC 306.040 is amended to read:

3 AAC 306.040. Ownership change [TO BE REPORTED]. (a) **An application for an ownership change shall be submitted** [A LICENSED MARIJUANA ESTABLISHMENT SHALL, NOT LATER THAN 10 DAYS AFTER AN OWNERSHIP CHANGE, REPORT THE CHANGE] on a form prescribed by the board.

(b) If any change required to be **submitted** [REPORTED] under this section will result in a change in controlling interest of the marijuana establishment license, the marijuana establishment must file an application for transfer of license to another person under 3 AAC 306.045.

(c) An individual identified in this section shall submit the individual's fingerprints and the fees required by the Department of Public Safety under AS 12.62.160 for criminal justice information. The director shall follow the procedure set out in 3 AAC 306.055(b) for submitting the fingerprints of any individual added under this section.

(d) The director shall approve an ownership change application when any new owner is not disqualified under 3 AAC 306.010(d), 3 AAC 306.015(b), 3 AAC 306.300(b), 3 AAC 306.400(c), 3 AAC 306.500(c), or 3 AAC 306.605(c).

(e)[(D)] In this section, "ownership change" means

(1) if the licensee is a partnership, including a limited partnership, any change in the identity of the partners, or in the ownership percentages held by any partners;

(2) if the licensee is a limited liability company, any change in the identity of the members **or managers**, or in the ownership percentage held by any member; or

(3) if the licensee is a corporation, **any change in its corporate officers**, any sale of corporate stock to a person not currently an owner, or any change of the percentage ownership

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of an existing shareholder. (Eff. 2/21/2016, Register 217; am 7/19/2017, Register 223; am ___/___/_____, Register _____)

Authority: AS 17.38.010 AS 17.38.150 AS 17.38.200
AS 17.38.070 AS 17.38.190 AS 17.38.900
AS 17.38.121

3 AAC 306.320 is amended to read:

3 AAC 306.320. Marijuana handler permit required. A retail marijuana store shall ensure that

(1) each [LICENSEE, EMPLOYEE, OR] agent who is required or permitted to be physically present on the licensed premises at any time, **each licensee, and each employee** obtains a marijuana handler permit as provided in 3 AAC 306.700 before being licensed or employed at a retail marijuana store; and

(2) each licensee, employee, or agent has that person's marijuana handler permit card in that person's immediate possession, or a valid copy on file on the premises, at all times when on the licensed premises of the retail marijuana store. (Eff. 2/21/2016, Register 217; am. ___/___/_____, Reg._____)

3 AAC 306.425 is amended to read:

3 AAC 306.425. Marijuana handler permit required. A marijuana cultivation facility shall ensure that each [LICENSEE, EMPLOYEE, OR] agent who is required or permitted to be physically present on the licensed premises at any time, **each licensee, and each employee**

(1) obtains a marijuana handler permit as provided in 3 AAC 306.700 before being **licensed** [PRESENT] or employed at the marijuana cultivation facility's licensed premises; and

(2) has the marijuana handler permit card in the person's immediate possession, or a valid copy on file on the premises, at all times while on the marijuana cultivation facility's licensed premises. (Eff. 2/21/2016, Register 217; am. ___/___/____, Reg. _____)

3 AAC 306.530 is amended to read:

3 AAC 306.530. Marijuana handler permit and food safety worker training. (a) A marijuana product manufacturing facility, including a marijuana concentrate manufacturing facility, shall ensure that each [LICENSEE, EMPLOYEE, OR] agent who is required or permitted to be physically present on the licensed premises at any time, **each licensee, and each employee**

(1) obtains a marijuana handler permit as provided in 3 AAC 306.700 before being **licensed** [PRESENT] or employed at the marijuana product manufacturing facility's licensed premises; and

(2) has the marijuana handler permit card in the person's immediate possession, or a valid copy on file on the premises, at all times while on the marijuana product manufacturing facility's licensed premises.

(b) A licensee, employee, or agent of a marijuana product manufacturing facility who handles marijuana at the facility shall obtain a food worker card in compliance with 18 AAC 31.330 and keep that card in that person's possession at all times while on the licensed premises

of the marijuana product manufacturing facility. (Eff. 2/21/2016, Register 217; am. ___/___/____, Reg. _____)

3 AAC 306 is amended by adding a new section to read:

3 AAC 306.622. Marijuana handler permit required. A marijuana testing facility shall ensure that each agent who is required or permitted to be physically present on the licensed premises at any time, each licensee, and each employee

(1) obtains a marijuana handler permit as provided in 3 AAC 306.700 before being licensed or employed at the marijuana testing facility's licensed premises; and

(2) has the marijuana handler permit card in the person's immediate possession, or a valid copy on file on the premises, at all times while on the marijuana cultivation facility's licensed premises. (Eff. ___/___/____, Reg. _____)

3 AAC 306.700(a) is amended to read:

(a) **Each** [A MARIJUANA ESTABLISHMENT AND EACH LICENSEE, EMPLOYEE, OR] agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or a marijuana product, or who checks the identification of a consumer or visitor, **and each licensee and employee** must obtain a marijuana handler permit from the board before being licensed or beginning employment at a marijuana establishment.

(Eff. 2/21/2016, Register 217; am. 5/23/2018, Reg. 226; am. x/x/2018, Reg. xxx; am. ___/___/____, Reg. _____)

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AS 17.38.070

AS 17.38.190

AS 17.38.900

AS 17.38.121