



MEMORANDUM

TO: Marijuana Control Board

DATE: May 1, 2019

FROM: Erika McConnell, Director

RE: Director's Report

OPERATIONS

Two vacancies currently exist in AMCO: the Program Coordinator I position and the Regulations Specialist position. I have been evaluating AMCO's needs and will be moving to fill and/or modify the positions shortly.

OUTREACH AND EDUCATION

AMCO's Local Government Specialist, Jed Smith, reports on some significant activities in the first quarter of 2019:

- Held two meetings of the Testing Working Group to continue development of regulatory changes.
- Working with the Department of Law's Office of Special Prosecution to update local option database.
- Presented to UAF Chemistry of Cannabis class.
- Presented Title 4 rewrite (SB52) to Homer Chamber of Commerce.
- Presented alcohol licensing information to the Northeast Community Council (Anchorage).
- Ongoing collaboration and information sharing with organizations and departments (CHARR, AMIA, OSMAP, Municipality of Anchorage).
- Assisted in three academic research studies involving alcohol or marijuana licensing and regulation.

ISSUES

APSIN/ARMS

As I reported to you at the last meeting, DPS agreed to provide specific information contained in APSIN and ARMS to AMCO investigators when requested for specific investigations. To date, some information has been provided in a timely manner, but some requests have been ignored or go unfilled even after repeated requests for information. In addition, Major Greenstreet promised in his 11/1/18 letter to "provide AMCO with a list and brief summary of all AMCO and Alcoholic Beverage Control (ABC) Office incidents from ARMS" after the termination of AMCO's access to ARMS. This information has not been provided.

Governor's Budget and Proposals

I have received no additional information regarding the move of AMCO investigators into the Department of Law.

As noted at the last meeting, the Governor's FY20 budget reduces AMCO's budget by \$48,700 from the FY19 Management Plan. The cut is entirely from Travel, leaving a travel budget of \$135,000. I was informally told that there is an expectation that AMCO's actual travel expenditures in FY20 be reduced from FY19 by 50%. In accordance with a memo from Chief of Staff Babcock, I have submitted to the Commissioner's Office a travel plan that sets forth all projected trips for FY20. The plan includes board travel to regularly scheduled board meetings. Naturally it is not possible to anticipate every trip that may need to be taken by an investigator over the next year. I have estimated investigator travel based on the number of trips taken in the past couple of years. The estimated costs of FY20 travel are similar to FY19 travel costs and do not reflect a 50% reduction—the planned trips are necessary to meet our statutory and regulatory obligations. I have not yet been informed whether or not the FY20 travel plan is approved.

Testing Oversight

The regulations provide for the board's contractor to assist the board in evaluating testing facilities. In 2015 or 2016, AMCO contracted with A2LA to inspect testing facilities after the board approved an application but before the license was issued. The contract with A2LA expires at the end of FY19. In accordance with the board's direction to shift oversight of testing facilities to DEC, I am working with DEC to develop an RSA (reimbursable services agreement) in order for DEC's Environmental Health Laboratory (EHL) to become the board's contractor starting in FY20. A regulations change proposed at this meeting (tab 15) furthers those efforts.

The benefits of having the EHL be the board's contractor is that they are in-state and can thus perform lab audits and other oversight more quickly and for less cost.

Fertilizers, Chemicals, Gases

3 AAC 306.420(2)(C) states that applicants for a cultivation facility must include in their application, "fertilizers, chemicals, gases, and deliver systems, including carbon dioxide, management, to be used." Staff has separated this on the application into two sections—one just for pesticides, and the other for other fertilizers, chemicals, gases, etc.

How detailed does the board want the responses in this section to be? For example, is an acceptable response, "a variety of approved nutrients from multiple companies," as found in one of the applications on today's agenda?

Should chemicals used to clean equipment and/or to clean the facility but not applied to plants be listed?

LEGISLATION

As of April 28, no legislation has been introduced that directly affects Chapter 17.38 and the regulation of the commercial marijuana program.

For alcohol, two bills are moving: SB 16 relating to the state fair and recreational site licenses, and SB 52, the rewrite of Title 4.

REGULATIONS

Attached to this report is a regulations projects status spreadsheet.

NEXT MEETING

The next MC Board meeting is scheduled for July 10-12 in Fairbanks. Applications must be complete and any other documents for the board must be submitted to our office by June 21 to be on the agenda.

STATISTICS

Retail Sales

January	\$11,416,081	2016 Total Sales	\$1,689,329
February	\$11,805,854	2017 Total Sales	\$57,562,728
March	\$12,489,143	2018 Total Sales	\$130,475,707

Total retail sales from program inception to 3/31/19: \$225,438,842

Taxes Assessed

<i>Month</i>	<i># of taxpayers</i>	<i>Taxes Assessed</i>		
December	121	\$1,493,903	2016 Taxes	\$232,695
January	146	\$1,692,632	2017 Taxes	\$6,082,078
February	*	\$1,539,128	2018 Taxes	\$15,695,517

* The Department of Revenue has changed their reporting format and this information is no longer available.

Total taxes assessed from program inception to 2/28/19: \$25,242,050