



## MEMORANDUM

TO: Marijuana Control Board                      DATE: July 10, 2019

FROM: Erika McConnell, Director              RE: Regulations Project – Overlapping  
Premises

The board initiated this project in January of 2018, to clarify what type of space could be shared by multiple licenses.

This initial draft for board consideration proposes the following:

1. Repeals 3 AAC 306.405(b). This section authorizes a cultivation facility licensee to apply for a product manufacturing or retail license; however a comparable section does not exist in either the product manufacturing section or the retail section, and the deletion of this section would have no effect. A license holder of one type may continue to apply for and hold a license of another type, except for the restrictions regarding testing facilities, which are unchanged.
2. Amends 3 AAC 306.405(c) to remove references to privileges of another license type and include a prohibition from 3 AAC 306.450 (proposed to be deleted). Again, this language is not consistent across license types and is unnecessary. The deletions will have no effect on a licensee's privileges or prohibitions.
3. Repeals 3 AAC 306.450. This prohibition is already stated at 3 AAC 306.405(c)(4).
4. Amends 3 AAC 306.705(a) to add the board's policy regarding contiguous licensed premises into regulation, with an exception carved out for certain overlapping areas, as described in the following subsection.
5. Adds a new subsection 3 AAC 306.705(d) to allow a licensee that holds more than one license either in the same building or with abutting licensed premises to share office space, an employee breakroom, bathrooms, or storage areas for non-marijuana items. These shared areas may not be restricted access areas.

6. Amends 3 AAC 306.710(a) to clarify that any area through which marijuana or marijuana product is within a licensed premises shall be a restricted access area.
7. Amends the definition of “licensed premises” at 3 AAC 306.990(b)(23) to include “designated outdoor areas.”

Options for the board:

- Put out for public comment
- Amend and put out for public comment
- Send back to staff for revisions
- Close the project without action



3 AAC 306.405(b) is repealed.

3 AAC 306.405(c) is amended to read:

(c) A licensed standard marijuana cultivation facility may not

(1) sell, distribute, or transfer marijuana or a marijuana product to a consumer, with or without compensation;

(2) allow any person, including a licensee, employee, or agent, to consume marijuana or a marijuana product on the licensed premises or within 20 feet of the exterior of any building or outdoor cultivation facility on the licensed premises;

(3) treat or otherwise adulterate marijuana with any organic or nonorganic chemical or other compound to alter the color, appearance, weight, or odor of the marijuana;

(4) [EXCEPT AS PERMITTED UNDER A MARIJUANA PRODUCT MANUFACTURING FACILITY LICENSE,] extract marijuana concentrate[, USING ANY PROCESS DESCRIBED IN 3 AAC 306.555,] at the licensed premises;

(5) sell marijuana that is not packaged and labeled in compliance with 3 AAC 306.470 and 3 AAC 306.475;

(6) introduce marijuana or a marijuana product, including plants and seeds, onto the licensed premises from any outside source after the initial preliminary inspection, except

(A) as acquired from another licensed marijuana cultivation facility and accounted for in each marijuana cultivation facility's marijuana inventory tracking system as required under 3 AAC 306.730; or

(B) as provided under this section.

3 AAC 306.450 is repealed.

3 AAC 306.705(a) is amended to read:

(a) A marijuana establishment license will be issued for specific licensed premises **at a single location. Licensed premises shall be contiguous, except that the board may approve a noncontiguous portion of a licensed premises that is not a restricted access area under 3 AAC 306.710. Licensed premises shall not overlap except as allowed in subsection (d).**

Specific licensed premises must constitute a place clearly designated in a license application and described by a line drawing submitted with the license application. The licensed premises must

(1) have adequate space for its approved operations, including growing, manufacturing, processing, packaging, or storing marijuana or marijuana products; and

(2) be located and constructed to facilitate cleaning, maintenance, and proper operation.

3 AAC 306.705 is amended by adding a new subsection to read:

(d) A licensee operating two or more licenses within the same building or with abutting premises may, with board approval, designate the following areas on the licensed premises of each license, to be used in common by all licenses: office, employee break room, bathrooms, non-marijuana storage areas. These areas may not be restricted access areas under 3 AAC 306.710, and no marijuana or a marijuana product may be brought into any area designated as the licensed premises for more than one license.

3 AAC 306.710(a) is amended to read:

(a) A marijuana establishment shall restrict access to any part of the licensed premises where marijuana or a marijuana product is grown, processed, tested, stored, or stocked, **or through which marijuana or a marijuana product is moved.**

3 AAC 306.990(b)(23) is amended to read

(23) "licensed premises" means any or all designated portions of a building or structure, or rooms or enclosures in the building or structure, **or designated outdoor areas,** at the specific address for which a marijuana establishment license is issued, and used, controlled, or operated by the marijuana establishment to carry out the business for which it is licensed;