



MEMORANDUM

TO: Marijuana Control Board
FROM: Erika McConnell, Director

DATE: September 11, 2019
RE: Director's Report

OPERATIONS

Jane Sawyer, who has been an occupational licensing examiner at AMCO for five years, has been selected for the regulations specialist position. Jane will bring her extensive knowledge of both the alcohol and marijuana programs to the position, allowing her to hit the ground running. The examiner position is posted and we expect to have it filled within a month.

Metrc staff will be in Alaska in October to offer in-person training to licensees and their employees. Training sessions will be offered in Fairbanks on October 7, in Kenai on October 9, and in Anchorage on October 10. Notification of the opportunity has been provided through a Metrc bulletin and an email to all operating licensees.

CONFERENCES

Regulators Roundtable in Anchorage

On July 23-24, I hosted the fifth meeting of US state and Canadian marijuana regulators. Regulators in states where recreational/adult-use marijuana has been legalized had their first meeting/conference in April of 2017, which was attended by me and then-Chair Mlynarik. Since then, the group has held meetings twice per year and enlarged the group to include regulators from states with medical marijuana programs. Seventy-five attendees from 22 states, the District of Columbia, Guam, two Canadian provinces, and the Federal Government of Canada were present in Anchorage. The group heard presentations from Dr. Susan Audino, a chemist/chemometrician who chaired the AOAC (previously the Association of Official Analytical Chemists) cannabis advisory panel and has been instrumental in national efforts to develop standard testing methodologies for marijuana, and from Professor Jonathan Caulkins of Carnegie Mellon University, one of the authors of *Marijuana Legalization: What Everyone Needs to Know*. Dr. Caulkins spoke about national trends in marijuana supply and demand. Breakout sessions were held on packaging and labeling best practices, seed to sale tracking, data collection, enforcement best practices, manufacturing best practices, delivery, and public consumption.

Other Conferences

I was invited to speak at the 6th Canna West Summit in May in Los Angeles, to be on a cannabis panel at the NCSLA Central Western Regional Conference on Portland in September, and to speak at the 5th Annual Denver Marijuana Management Symposium in October. My requests to travel for the Canna West Summit and the Denver Symposium were denied. Participation in the NCSLA conference conflicted with this board meeting, so I did not make a travel request.

ISSUES

Industrial Hemp Program

Funding for this program was cut through Governor Dunleavy's veto, but was restored in HB 2001 and not vetoed again. In July, AMCO submitted comments on the draft hemp program regulations seeking clarifications on some proposed provisions.

Quality Control Sampling

The board adopted a regulations change in late 2017 that allows a cultivation facility (3 AAC 306.460(d) and a product manufacturing facility (3 AAC 306.557) to provide samples to their employees for quality control with certain limitations. It has come to my attention that a product manufacturing licensee has transferred their product to a different product manufacturing licensee who has distributed those products to their employees as quality control samples. This was not the intent of the regulation, but neither section is clear that the sample must be grown or made at the license providing the sample to its employees. How would the board like to address this issue?

Licensee as Distributor

It has come to my attention that Product Manufacturing Licensee A has transferred marijuana products manufactured at Licensee A's facility to Product Manufacturing Licensee B. Licensee B has then repackaged Licensee A's products and transferred them to various retail facilities. Does the board have any issues with this?

REGULATIONS

Attached to this report is a regulations projects status spreadsheet.

I recommend that the board open a regulations project to change "and" to "or" at the end of 3 AAC 306.630(b)(2), to clarify that the scientific director of a marijuana testing facility is not required to have a doctorate, a Master's degree, AND a Bachelor's degree, along with the required experience for each degree type.

2020 MEETINGS

The meeting schedule for 2020 is based on the statutory requirement that complete applications be brought to the board within 90 days. The 90 days is calculated from the date that applications must be complete in order to be on the agenda, which is approximately two and a half weeks before each meeting.

Date	Location	Apps Complete/Docs Due
January 23-24	Juneau	January 3
April 2-3	Anchorage	March 13
June 10-11	Fairbanks	May 22
August 19-20	Nome	July 31
October 28-29	Anchorage	October 9
January 6-7, 2021	Juneau	December 18

NEXT MEETING

The next MC Board meeting is scheduled for November 13-15. The meeting was originally planned to be held in Palmer, but as we have been unable to find an available meeting location in Palmer, the meeting will be in Anchorage.

Applications must be complete and any other documents for the board must be submitted to our office by October 25 to be on the agenda.

STATISTICS

Retail Sales

<i>Month</i>	<i>Total Sales</i>		
June	\$15,463,421	2016 Total Sales	\$1,689,329
July	\$16,299,600	2017 Total Sales	\$57,562,728
August	\$18,372,173	2018 Total Sales	\$130,475,707

Total retail sales from program inception to 8/31/19: \$304,389,183

Taxes Assessed From Licensees Who Filed Returns

<i>Month</i>	<i>Taxes Filed</i>		
April	\$1,703,779	2016 Total Taxes	\$232,696
May	\$1,654,144	2017 Total Taxes	\$6,075,069
June	\$1,773,269	2018 Total Taxes	\$15,697,268

Total taxes assessed from program inception to 6/30/19: \$32,021,348

MCB REGULATIONS PROJECTS

DOL Project Number	Topic	Date Opened by MCB	FY	Board mbr point person(s)	Current Status/Notes	Date Adopted by MCB	Effective Date
JU2015200669	Omnibus Regulations				Adopted by board; filed with Lt Gov	11/20/15 Pg 23	2/21/16
JU2016200436-1	Conduct of board meetings in alcohol	2/11/16 pg 2	16		Adopted by board; filed with Lt Gov	7/6/16	12/28/16
JU2016200436-2	[Reserved for anticipated future work]				Closed due to inaction 2/26/19	N/A	N/A
JU2015201028	Onsite consumption	2/11/16	16		Board voted not to continue project 2/2/17	N/A	N/A
JU2016200617	Handler permits	4/27/16; 2/2/17	17		Sent to Lt Gov 4/20/18	1/25/18	5/23/18
JU2016200611	Testing	6/9/16 pg 22	16		Signed by Lt Gov 6/5/17	4/5/17	7/5/17
JU2016200610	Advertising requirements	6/9/16 pg 22	16	Schulte	vote to put out for comment failed 7/14/17	N/A	N/A
	Space planning and layout		16				
	Labeling and packaging		16				
JU2016200612	Video surveillance (Schulte handout)	6/9/16 pg 22	16	Schulte	Closed due to inaction 2/26/19		
JU2016200609	Participation of outside entities – residency requirements (BE handout)	6/9/16 pg 22	16	Emmett	Closed due to inaction 2/26/19		
JU2016200605	Waste disposal (Springer motion)	6/9/16 pg 23	16	Springer	Combined with waste disposal #2	N/A	N/A
JU2016200613	Retail store notices	7/8/16 pg 16	17		Signed by Lt Gov 6/22/17	4/5/17	7/22/17
JU2016200837	Requiring fingerprints for new owners	9/7/16	17		Signed by Lt Gov 6/19/17	4/5/17	7/19/17
JU2016200838	What happens to existing licenses if local gov opts out by ordinance	9/7/16	17		Signed by Lt Gov 6/27/17	4/5/17	7/27/17
JU2016200839	DEC approval before acceptance of license application (food safety permit)	9/7/16	17		Signed by Lt Gov 6/27/17	4/5/17	7/27/17
	Advertisement; definition of “advertisement” and “logo”	12/7/16	17		Board took no action on proposal (2/2/17)	N/A	N/A
JU2017200165	Transportation	2/2/17	17		signed by Lt Gov 9/11/17	7/13/17	10/11/17
JU2017200542	Quality control	2/2/17	17		Signed by Lt Gov 4/25/18	11/29/17	5/25/18
	Notify AMCO of crime on licensed premises	5/15/17	17	Springer	Signed by Lt Gov 4/25/18	11/29/17	5/25/18
JU2018200397	Waste disposal #2	2/2/17	17		Signed by Lt Gov 9/20/18	6/15/18	10/20/18
JU2017200548	Onsite Consumption	3/7/17	17		Signed by Lt Gov on 3/12/19	12/20/18	4/11/19
JU2018200370	Plant count for new cultivators	4/5/17	17		Signed by Lt Gov on 9/20/18	6/15/18	10/20/18
JU2017200536-1	Require testing licensee to notify director of significant equipment failure	5/15/17	17	Springer	Signed by Lt Gov on 7/24/18	11/29/17	8/23/18

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DOL Project Number	Topic	Date Opened by MCB	FY	Board mbr point person(s)	Current Status/Notes	Date Adopted by MCB	Effective Date
	Separation distance	4/5/17	17	Springer	Draft on 9/14 agenda; no action	N/A	N/A
JU2017200477	Timing of public objections	5/15/17	17	Emmett	Signed by Lt Gov on 11/28/17	9/15/17	12/28/17
	Local government jurisdiction		17				
JU2017200533	Revise definition of “direct or indirect financial interest” at 3 AAC 306.015(e)	5/15/17	17	Springer	adoption vote failed 11/29/17	N/A	N/A
	“Advertisement” and “promotional activities”		17	Mlynarik; Miller	Signed by Lt Gov 9/17/18	6/15/18	10/17/18
JU2017200827	Allow licensees to participate in trade shows	5/15/17	17	Emmett	Signed by Lt Gov 7/12/18	1/25/18 & 5/7/18	8/11/18
	Require corporation bylaws	9/14/17	18	Jones	Signed by Lt Gov 7/12/18	1/25/18	8/11/18
	Multiple businesses on a lease		18			1/25/18	8/11/18
	Removal of affiliates		18			1/25/18	8/11/18
	Charging for multiple inspections	9/14/17	18		Signed by Lt Gov 7/12/18	1/25/18	8/11/18
	Local gov approval of odor emissions	9/14/17	18	Springer	Signed by Lt Gov 7/12/18	1/25/18	8/11/18
JU2018200331.003	Revise definition of “recreation or youth center”	5/15/17	17	Miller	adoption vote failed 8/15/18	N/A	N/A
JU2018200331.002	Extend video storage retention time	11/14/17	18	Springer	vote to adopt failed 0-5 on 10/17/18	N/A	N/A
JU2018200331.001	Date of issuance of handler permits	1/25/18	18	Jones	Signed by Lt Gov 8/8/18	6/15/18	9/7/18
JU2017200829	Definition of resident	9/14/17	18		approved 1/25/18; rescinded 5/7/18	N/A	N/A
	Financial background investigations	9/14/17	18	Jones	Draft on 11/14 agenda; voted out for public comment 11/29/17 comment period closed 1/3/18; sent to cmte 1/25/18		
	Random sampling	2/2/17	17		Draft on 11/14 agenda; referred to testing cmte 11/29/17		
	Require trim that is sold separately to be tested separately; kief	5/15/17	17	Emmett; Miller	Voted out for public comment 7/14/17; posted 8/15/17; cmts due 9/22/17; on 11/14 agenda; referred to testing cmte 11/29/17		
	Streamline edibles testing	7/14/17	18	Emmett	Draft on 11/14 agenda; referred to testing cmte 11/29/17		
JU2019200634	Overlapping premises	1/25/18	18	Jones	Draft on July 2019 agenda; amended and put out for comment 7/12/19; comments due 9/5/19; on September 2019 agenda		
JU2018200720	Allow out-of-state investment in testing labs	1/25/18	18	Springer	Minor amendment and voted out for public comment 6/15/18; cmts due 9/7/18; Jones to work on revisions for December February mtg; out for comment 2/20/19; comments due	5/1/19	

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DOL Project Number	Topic	Date Opened by MCB	FY	Board mbr point person(s)	Current Status/Notes	Date Adopted by MCB	Effective Date
					4/12/19; adopted 5/1/19; sent to DOL 5/23/19; on September 2019 agenda for language revision requested by DOL		
JU2018200819	License conversion	1/25/18	18	Jones	sent to Lt Gov 12/13/18; signed by Lt Gov 1/22/19	10/17/18	2/21/19
JU2018200818	License expiration for renewal	6/15/18	18	Jones	sent to Lt Gov 12/11/18; signed by Lt Gov 1/22/19	10/17/18	2/21/19
	Ownership change when licensees don't change	1/25/18	18	Jones	sent to Lt Gov 12/11/18; signed by Lt Gov 1/22/19	10/17/18	2/21/19
	Wholesale concentrates to retail	6/15/18	18	Emmett	sent to Lt Gov 12/11/18; signed by Lt Gov 1/22/19	10/17/18	2/21/19
JU2018200994	Sample jars	8/15/18	19	Emmett	Signed by Lt Gov 4/9/19	2/20/19	5/9/19
JU2018200632.001	Testing Working Group Recs #1 – Part 1	6/15/18	18	Emmett	Signed by Lt Gov 10/9/18	8/15/18	11/8/18
JU2018200989	Testing Working Group Recs #1 – Part 2 (Tracking and Grading) Name revised to THC CBD definitions		18		Parts of project referred to testing cmte 8/15/18; voted out for comment 10/17/18; comments due 12/12/18; on February agenda; small portion adopted 2/20/19; remainder sent back to staff/working group for revisions; to DOL @3/18/19; to Lt Gov 4/1/19; Signed by Lt Gov 4/9/19	2/20/19	5/9/19
JU2019200398	Tracking and Grading (TWG Part 2)	6/15/19	18	Emmett	Part of regs proposal sent back for more work on 2/20/19; put out for comment 5/1/19; cmts due 6/19/19; amended and adopted 7/11/19; to DOL mid-August	7/12/19	
JU2018200820	Expiration of public notice	6/15/18	18	Emmett	sent to Lt Gov 12/14/18; signed by Lt Gov 1/22/19	10/17/18	2/21/19
JU2018200746	Definition of residency #2	6/15/18	18	Emmett	sent to Lt Gov 12/14/18; signed by Lt Gov 1/22/19	10/17/18	2/21/19
JU2019200010	Protest by local government	12/20/18	19		Signed by Lt Gov 4/9/19	2/20/19	5/9/19
JU2018200829	All licensees have handler permits	8/15/18	19	Jones	sent to Lt Gov 12/11/18; signed by Lt Gov 1/22/19	10/17/18	2/21/19
	Effective date of ownership change	8/15/18	19	Jones	sent to Lt Gov 12/11/18; signed by Lt Gov 1/22/19	10/17/18	2/21/19
JU2018200993	Handler permit renewal fee	8/15/18	19	Jones	Signed by Lt Gov 4/9/19	2/20/19	5/9/19
JU2018200990	Follow approved operating plan	8/15/18	19	Emmett	Signed by Lt Gov 4/9/19	2/20/19	5/9/19
JU2018200992	Inspection parameters	8/15/18	19	Emmett/ Miller	Draft on 10/16 agenda; voted out for comment 10/17/18; comments due 12/12/18; on 12/21, tabled to February meeting; sent back to staff for more work 2/20/19		

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DOL Project Number	Topic	Date Opened by MCB	FY	Board mbr point person(s)	Current Status/Notes	Date Adopted by MCB	Effective Date
	Fine schedule	8/15/18	19	Jones	Sbcmte (Jones, Ankerfelt, Hoelscher) to work for December February mtg; out for comment 2/20/19; comments due 4/12/19; tabled 5/1/19; out for comment for 45 days on 7/12/19; comments due 9/20/19		
JU2019200011	University as licensee	10/17/18	19	Springer	Draft on 12/20/18 agenda; voted out for comment 12/20/18; comments due 2/8; sent back to staff for more work 2/20/19		
JU2019200009	Fingerprints for individuals	10/17/18	19	Emmett	Signed by Lt Gov 4/9/19	2/20/19	5/9/19
JU2019200012	License fees	10/17/18	19	Emmett	Signed by Lt Gov 4/1/19	2/20/19	5/1/19
JU2019200194	Handler courses	10/17/18	19	Emmett	Signed by Lt Gov 7/22/19	5/1/19	8/21/19
JU2019200191	Denial of license application	10/17/18	19	Emmett	Signed by Lt Gov 7/22/19	5/1/19	8/21/19
	Umbrella Categories for Products	10/17/18	19	Emmett	Draft on September 2019 agenda		
JU2019200399	Onsite Consumption Cleanup	2/20/19	19	Emmett	put out for comment 5/1/19; cmts due 6/19/19; returned to staff for more work 7/12/19		
	Packaging and Labeling	2/20/19	19	Emmett			
JU2019200637	Revocation of Handler permit revisions	2/20/19	19	Springer	Initial draft on July 2019 agenda; out for comment 7/12/19; comments due 9/5/19; on September 2019 agenda		
	Transportation	2/20/19	19	Emmett			
	Retesting	2/20/19	19	Emmett			
	Advertising	2/20/19	19	Miller			
JU2019200396	Testing Oversight		19		put out for comment 5/1/19; cmts due 6/19/19; DEC to amend compliance document, then out for comment 7/12/19; comments due 9/5/19; on September 2019 agenda		
	Infants on Premises	5/1/19	19		Draft on September 2019 agenda		
	"Application" and renewal date	7/10/19	20	Jones	Draft on September 2019 agenda		
	Separation distances and definition of "recreation or youth center"	7/10/19	20	Jones/Miller			
	Sales limits at 306.355	7/10/19	20				