3 AAC 306.035 introductory language is amended to read:

3 AAC 306.035. Application for renewal of license; **reinstatement for failure to timely renew.**

3 AAC 306.035(d) is amended to read:

(d) The director may require an applicant for renewal **or reinstatement** of a license under this chapter to submit fingerprints and pay fees as required by 3 AAC 306.055(a).

3 AAC 306.035(g) is amended to read:

(g) If a marijuana establishment required to submit a renewal application under (a) of this section fails to deliver a complete license renewal application or fails to pay the required renewal fee and the late renewal application fee on or before August 31 of each year, that marijuana establishment license expires at 12:00 midnight on August 31 of that year. A holder of an expired license shall immediately surrender the license to the board. Any holder of an expired license that seeks authority to operate must file a complete new application under 3 AAC 306.020, and 3 AAC 306.025, along with the required fees. **A holder of an expired license may apply for reinstatement as described in 3 AAC 306.035(i).**

3 AAC 306.035 is amended by adding a new subsection to read:

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(i) A holder of an expired license under 3 AAC 306.035(g) may apply to the board for reinstatement of a license no later than September 30 of the year on which the license expired. When applying for reinstatement, the applicant shall:

(1) submit a statement of reason, on a form prescribed by the board, for not submitting a renewal application on time;

(2) satisfy all the current requirements for the issuance of a license renewal;

(3) attest that the applicant has not been granted reinstatement under this section under the prior ten years;

(4) satisfy any additional requirements for reinstatement of the license as required by the board.

(5) pay the non-refundable license reinstatement fee set out under 3 AAC 306.100(b).

3 AAC 306.035 is amended by adding a new subsection to read:

(j) 3 AAC 306.035(i) shall not be interpreted to give any person a right to reinstatement of the license. License reinstatement will be granted solely as described under this chapter.

3 AAC 306.035 is amended by adding a new subsection to read:

(k) Nothing about granting license reinstatement prevents the board from taking additional disciplinary action against the licensee. (Eff. 2/21/2016, Register 217; am 12/28/2017, Register 224; am 2/21/2019, Register 229; am 3/25/20, Register 233; am ____/____/_____, Register _____)

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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

3AAC 306.080. Denial of License application, is repealed and readopted to read:

3 AAC 306.080. **Denial of license application.** (a) After review of the application, including the applicant's proposed operating plan and all relevant information, the board will deny an application for a new license if the board finds that

(1) the application is not complete as required under the applicable provisions of 3 AAC 306.020 - 3 AAC 306.055, or contains any false statement of material fact;

(2) the license would violate any restriction in 3 AAC 306.010 or 3 AAC 306.015;

(3) the license would violate any restriction applicable to the particular license type authorized under this chapter;

(4) the license is prohibited under this chapter as a result of an ordinance or election conducted under AS 17.38.210, 3 AAC 306.200, or 3 AAC 306.230;

(5) the applicant's actions or the operating plan does not adequately demonstrate that the applicant will comply with applicable provisions of this chapter;

(6) the license would not be in the best interests of the public; or

(7) a protest by the local governing body is not arbitrary, capricious, and unreasonable.

(b) After review of the application and all relevant information, the board will deny an application for renewal of a marijuana establishment license if the board finds

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(1) any cause listed in (a) of this section;

(2) repealed 8/21/2019;

(3) that the license has been operated in violation of a condition or restriction the board previously imposed;

(4) that the applicant is delinquent in the payment of taxes due in whole or in part from operation of the licensed business;

(5) that a protest by the local governing body is not arbitrary, capricious, and unreasonable; or

(6) that the applicant has lost right to possession of the applicant's licensed premises.

(c) After review of the application and all relevant information, the board will deny an application for reinstatement of license due to failure to submit a timely renewal if the board finds

(1) any cause listed in (a) or (b) of this section;

(2) violation of any terms of administrative hold or seizure of marijuana or marijuana product as described in 3 AAC 306.830;

(3) the application was submitted later than September 30 of the given applicable year;

(4) the applicant has had an application for reinstatement granted within ten years prior to the application submittal; or

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(5) the failure to submit a timely renewal application is due to excusable oversight, such as confusion as to whether an original license holder or the applicant for a transfer license is required to submit the renewal application;

(d) After review of the application and all relevant information, the board will deny an application for transfer of license to another person if the board finds

(1) any cause listed in (a) of this section;

(2) that the transferor has not paid all debts or taxes arising from the operation of the business licensed under this chapter unless the transferor gives security for the payment of the debts or taxes satisfactory to the creditor or taxing authority;

(3) that transfer of the license to another person would result in violation of the provisions of this chapter relating to identity of licensees and financing of licensees;

(4) that the prospective transferee does not have the qualifications of an original applicant required under this chapter; or

(5) that a protest by the local governing body is not arbitrary, capricious, and unreasonable.

(e) If the board denies an application for a new license, renewal of a license, reinstatement of license, license conversion, or transfer of a license to another person, the board will, not later than 15 days after the board meeting at which the application was denied, furnish a written statement of issues to the applicant, explaining the reason for the denial in clear and concise language, and identifying any statute or regulation on which the denial is based. In the

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notice of denial the board will inform the applicant of the right to an informal conference under 3 AAC 306.085 and to a formal hearing under 3 AAC 306.090.

(f) After review of the application and all relevant information, the board will deny an application for license conversion if the board finds that

(1) the application contains any false statement of material fact;

(2) the license would violate any restriction applicable to the particular license type authorized under this chapter;

(3) the license is prohibited under this chapter as a result of an ordinance or election conducted under AS 17.38.210, 3AAC 306.200, or 3 AAC 306.230;

(4) the applicant's actions or the application does not adequately demonstrate that the applicant will comply with applicable provisions of this chapter;

(5) a protest by the local governing body is not arbitrary, capricious, and unreasonable; or

(6) the license conversion would not be in the best interest of the public.

(Eff. 2/21/2016, Register 217; am 2/21/19, Register 229; am 8/21/2019, Register 231; am Eff. ___/____/_____, 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 306.085(a) is amended to read:

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(a) If an applicant for a new license, renewal of a license, **license reinstatement,** license conversion, or transfer of a license to another person is aggrieved by an action of the board denying the application, the applicant may, not later than 15 days after the date of the written notice of denial, request an informal conference with the director or the board. An informal conference requested under this section must be held at a time and place convenient to the applicant and the board, but not later than the next scheduled meeting of the board. An informal conference may be conducted telephonically.

(Eff. 2/21/2016, Register 217; am 2/21/2019, Register 229; 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 306.090(a) is amended to read:

(a) If an applicant for a new license, renewal of a license, **license reinstatement**, license conversion, or transfer of a license is aggrieved by an action of the board denying the application, the applicant may request a formal hearing by filing a notice of defense in compliance with AS 44.62.390 not later than 15 days after the date of the written notice of the denial, or as provided in 3 AAC 306.085(b) if the applicant requested and participated in an informal conference. Failure to file a notice of defense as provided in this section constitutes a waiver of the right to a formal hearing. (Eff. 2/21/2016, Register 217; am 2/21/2019, Register 229; am Eff. ___/____/_____, Register ____)

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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 306.095 is amended to read:

(a) An aggrieved applicant or marijuana establishment license holder may appeal to the board regarding any action of the director, or an employee or agent of the board regarding an application for a new license, a license renewal, **license reinstatement**, a license conversion, or a transfer of license to another person.

(b) An applicant or marijuana establishment license holder aggrieved by a final decision of the board regarding an application for a new license, a license renewal, **license reinstatement**, a license conversion, or a transfer of license to another person may appeal to the superior court under AS 44.62.560. (Eff. 2/21/2016, Register 217; am 2/21/2019, Register 229; am Eff. ___/____/_____, 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 306.100(b) is amended to read:

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(b) The non-refundable application fee for a license renewal application is $600. If a renewal application is late as provided under 3 AAC 306.035(e), an additional non-refundable late renewal application fee is $1,000.The non-refundable application fee for renewal of an onsite consumption endorsement is $600. **The non-refundable fee for a reinstatement under 3 AAC 306.035(i) is $ 5,000.**

(Eff. 2/21/2016, Register 217; am 7/19/2017, Register 223; am 8/11/2018, Register 227; am 2/21/2019, Register 229; am 4/11/2019, Register 230; am 5/1/2019, Register 230; am 5/9/2019, Register 230; am 3/25/2020, Register 233; am Eff. ___/____/_____, 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		

Current language for 3 AAC 306.085 which is being repealed and readopted:

[(a) AFTER REVIEW OF THE APPLICATION, INCLUDING THE APPLICANT'S PROPOSED OPERATING PLAN AND ALL RELEVANT INFORMATION, THE BOARD WILL DENY AN APPLICATION FOR A NEW LICENSE IF THE BOARD FINDS THAT

(1) THE APPLICATION IS NOT COMPLETE AS REQUIRED UNDER THE APPLICABLE PROVISIONS OF 3 AAC 306.020 - 3 AAC 306.055, OR CONTAINS ANY FALSE STATEMENT OF MATERIAL FACT;

(2) THE LICENSE WOULD VIOLATE ANY RESTRICTION IN 3 AAC 306.010 OR 3 AAC 306.015;

(3) THE LICENSE WOULD VIOLATE ANY RESTRICTION APPLICABLE TO THE PARTICULAR LICENSE TYPE AUTHORIZED UNDER THIS CHAPTER;

(4) THE LICENSE IS PROHIBITED UNDER THIS CHAPTER AS A RESULT OF AN ORDINANCE OR ELECTION CONDUCTED UNDER AS 17.38.210, 3 AAC 306.200, OR 3 AAC 306.230;

(5) THE APPLICANT’S ACTIONS OR THE OPERATING PLAN DOES NOT ADEQUATELY DEMONSTRATE THAT THE APPLICANT WILL COMPLY WITH APPLICABLE PROVISIONS OF THIS CHAPTER;

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(6) THE LICENSE WOULD NOT BE IN THE BEST INTERESTS OF THE PUBLIC;

(7) A PROTEST BY THE LOCAL GOVERNING BODY IS NOT ARBITRARY, CAPRICIOUS, AND UNREASONABLE.

(b) AFTER REVIEW OF THE APPLICATION AND ALL RELEVANT INFORMATION, THE BOARD WILL DENY AN APPLICATION FOR RENEWAL OF A MARIJUANA ESTABLISHMENT LICENSE IF THE BOARD FINDS

(1) ANY CAUSE LISTED IN (A) OF THIS SECTION;

(2) REPEALED 8/21/2019;

(3) THAT THE LICENSE HAS BEEN OPERATED IN VIOLATION OF A CONDITION OR RESTRICTION THE BOARD PREVIOUSLY IMPOSED;

(4) THAT THE APPLICANT IS DELINQUENT IN THE PAYMENT OF TAXES DUE IN WHOLE OR IN PART FROM OPERATION OF THE LICENSED BUSINESS;

(5) THAT A PROTEST BY THE LOCAL GOVERNING BODY IS NOT ARBITRARY, CAPRICIOUS, AND UNREASONABLE; OR

(6) THAT THE APPLICANT HAS LOST RIGHT TO POSSESSION OF THE APPLICANT'S LICENSED PREMISES.

(c) AFTER REVIEW OF THE APPLICATION AND ALL RELEVANT INFORMATION, THE BOARD WILL DENY AN APPLICATION FOR TRANSFER OF LICENSE TO ANOTHER PERSON IF THE BOARD FINDS

(1) ANY CAUSE LISTED IN (A) OF THIS SECTION;

(2) THAT THE TRANSFEROR HAS NOT PAID ALL DEBTS OR TAXES ARISING FROM THE OPERATION OF THE BUSINESS LICENSED UNDER THIS CHAPTER UNLESS THE TRANSFEROR GIVES SECURITY FOR THE PAYMENT OF THE DEBTS OR TAXES SATISFACTORY TO THE CREDITOR OR TAXING AUTHORITY;

(3) THAT TRANSFER OF THE LICENSE TO ANOTHER PERSON WOULD RESULT IN VIOLATION OF THE PROVISIONS OF THIS CHAPTER RELATING TO IDENTITY OF LICENSEES AND FINANCING OF LICENSEES;

(4) THAT THE PROSPECTIVE TRANSFEREE DOES NOT HAVE THE QUALIFICATIONS OF AN ORIGINAL APPLICANT REQUIRED UNDER THIS CHAPTER; OR

(5) THAT A PROTEST BY THE LOCAL GOVERNING BODY IS NOT ARBITRARY, CAPRICIOUS, AND UNREASONABLE.

(d) IF THE BOARD DENIES AN APPLICATION FOR A NEW LICENSE, RENEWAL OF A LICENSE, LICENSE CONVERSION, OR TRANSFER OF A LICENSE TO ANOTHER PERSON, THE BOARD WILL, NOT LATER THAN 15 DAYS AFTER THE BOARD MEETING AT WHICH THE APPLICATION WAS DENIED, FURNISH A WRITTEN STATEMENT OF ISSUES TO THE APPLICANT, EXPLAINING THE REASON FOR THE DENIAL IN CLEAR AND CONCISE LANGUAGE, AND IDENTIFYING ANY STATUTE OR REGULATION ON WHICH THE DENIAL IS BASED. IN THE NOTICE OF DENIAL THE BOARD WILL INFORM THE APPLICANT OF THE RIGHT TO AN INFORMAL

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CONFERENCE UNDER 3 AAC 306.085 AND TO A FORMAL HEARING UNDER 3 AAC 306.090.

(e) AFTER REVIEW OF THE APPLICATION AND ALL RELEVANT INFORMATION, THE BOARD WILL DENY AN APPLICATION FOR LICENSE CONVERSION IF THE BOARD FINDS THAT

(1) THE APPLICATION CONTAINS ANY FALSE STATEMENT OF MATERIAL FACT;

(2) THE LICENSE WOULD VIOLATE ANY RESTRICTION APPLICABLE TO THE PARTICULAR LICENSE TYPE AUTHORIZED UNDER THIS CHAPTER;

(3) THE LICENSE IS PROHIBITED UNDER THIS CHAPTER AS A RESULT OF AN ORDINANCE OR ELECTION CONDUCTED UNDER AS 17.38.210, 3AAC 306.200, OR 3 AAC 306.230;

(4) THE APPLICANT'S ACTIONS OR THE APPLICATION DOES NOT ADEQUATELY DEMONSTRATE THAT THE APPLICANT WILL COMPLY WITH APPLICABLE PROVISIONS OF THIS CHAPTER;

(5) A PROTEST BY THE LOCAL GOVERNING BODY IS NOT ARBITRARY, CAPRICIOUS, AND UNREASONABLE; OR

(6) THE LICENSE CONVERSION WOULD NOT BE IN THE BEST INTEREST OF THE PUBLIC.]

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