



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**Department of Commerce, Community,
and Economic Development**

ALCOHOL & MARIJUANA CONTROL OFFICE

550 West Seventh Avenue, Suite 1600
Anchorage, AK 99501
Main: 907.269.0350

MEMORANDUM

TO: Marijuana Control Board

DATE: November 15, 2024

FROM: Joe Bankowski, Enforcement Supervisor

RE: Enforcement Report, Marijuana

AMCO Enforcement has continued to make significant progress towards increasing inspections of licensed marijuana establishments. We continue to use inspections as educational opportunities whenever possible.

The recruitment for our Criminal Justice Technician 2 vacancy closed on November 12th, 2024. We are currently reviewing applicants and plan to hold interviews within the next two weeks. I am hopeful that the successful candidate will be in place before the end of the year.

Human Resources and Classification are in the final stages of updating the minimum qualifications for the Special Investigator job class within AMCO to align with the recent regulation requiring law enforcement certification. I am also hopeful that our Special Investigator vacancy will be posted in December.

I am seeking the Board's guidance on a product known as a "Cure Egg". This product is similar to a moisture control packet but also infuses the material with terpenes, sometimes dramatically altering the smell or taste of the marijuana. Does the use of such a product constitute an ingredient that would subject the material to further testing requirements.

To address inconsistencies with NOV fine recommendations, I reviewed the current fine schedule and would like to ask the board for clarification and guidance as it pertains to violations of marijuana inventory tracking. There is currently no consistency between license types and the 1st offense level for cultivation facilities lacks clarity either due to a typographical error or missing context. The fine schedule is attached to this report.

Mr. Higgins would like to discuss our approach to tax delinquencies. We have identified concerns with our current approach and would like to resolve open cases and seek guidance on a path forward.

Marijuana Control Board's Fine Schedule dated March 23, 2021

| Violation Code | Description | Type | 1st Violation | 2nd Violation | 3rd violation | 4th Violation | Verbal/Written Warning Options | Self Reporting Variance |
|-------------------------|--|--------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|---------------------------------------|--------------------------------|
| | | | Not to exceed \$10,000 | Not to exceed \$30,000 | Not to exceed \$50,000 | Not to exceed \$50,000 | | |
| Title 17 Statute | Chapter 38. The Regulation of Marijuana - Title 17. Food and Drugs | | In Statute | | | | | |
| <u>Sec. 17.38.030</u> | <u>Restrictions on personal cultivation, penalty</u> | violation | \$750 | | | | | |
| <u>Sec. 17.38.040</u> | <u>Public consumption banned, penalty</u> | violation | \$100 | | | | | |
| <u>Sec. 17.38.050</u> | <u>False identification, penalty</u> | violation | \$400 | | | | | |
| <u>Sec. 17.38.070</u> | <u>retail - displaying products in a manner visible to the general public right of way</u> | | | | | | | |
| | | | | | | | | |
| Article 1 | Licensing; Fees | | | | | | | |
| <u>3 AAC 306.005</u> | <u>License required</u> | Administrative Violation | \$4,000 | \$10,000 | \$20,000 | | | |
| <u>3 AAC 306.035</u> | <u>Application for renewal of license</u> | Administrative Violation | \$200 | \$500 | \$1,000 | | | |
| <u>3 AAC 306.040</u> | <u>Ownership change</u> | Administrative Violation | \$250 | \$500 | \$1,000 | | | |
| <u>3 AAC 306.045</u> | <u>Application for transfer of a license to another person</u> | Administrative Violation | \$100 | \$500 | \$850 | | | |
| <u>3 AAC 306.047</u> | <u>License conversion</u> | Administrative Violation | \$220 | \$585 | \$1,108 | | | |
| <u>3 AAC 306.050</u> | <u>Relocation of licensed premises not allowed</u> | Administrative Violation | \$220 | \$585 | \$1,108 | | | |
| <u>3 AAC 306.055</u> | <u>Criminal justice information and records</u> | Administrative Violation | \$220 | \$585 | \$1,108 | | | |
| Article 2 | Local Options | | | | | | | |
| <u>3 AAC 306.240</u> | <u>Prohibition of importation or purchase after election</u> | Public Health/Safety Violation | \$106 | \$298 | \$523 | | | |
| | | | | | | | | |
| Article 3 | Retail Marijuana Stores | | | | | | | |

| | | | | | | | | |
|---------------|---|--------------------------------|-----------------------|-----------------------------------|--|--|--|--|
| 3 AAC 306.300 | Retail marijuana store license required | Public Health/Safety Violation | \$4,000 | \$10,000 | \$20,000 | | | |
| 3 AAC 306.305 | Retail marijuana store privileges | Public Health/Safety Violation | *** | *** | *** | | | |
| 3 AAC 306.310 | Acts prohibited at retail marijuana store | Public Health/Safety Violation | \$250 | \$500 plus suspension for 30 days | \$1000 permanent revocation of license | | | |
| | | | NOV in front of board | 500 NOV in front of board | \$1,000 | | | |
| | | | \$213 | \$563 | \$1,056 | | | |
| 3 AAC 306.315 | Application for retail marijuana store license | Administrative Violation | \$100 | \$250 | \$500 | | | |
| 3 AAC 306.320 | Marijuana handler permit required | Public Health/Safety Violation | \$100 | \$250 | \$500 | | | |
| 3 AAC 306.325 | Access restricted at retail marijuana store | Public Health/Safety Violation | \$100 | \$225 | \$500 | | | |
| 3 AAC 306.330 | Marijuana inventory tracking system | Administrative Violation | \$100 | \$225 | \$500 | | | |
| 3 AAC 306.335 | Health and safety requirements | Public Health/Safety Violation | \$100 | \$250 | \$500 | | | |
| 3 AAC 306.340 | Testing required for marijuana and marijuana products | Public Health/Safety Violation | \$1,000 | \$2,000 | \$4,500 | | | |
| 3 AAC 306.345 | Packaging and labeling | Public Health/Safety Violation | \$100 | \$500 | \$850 | | | |
| 3 AAC 306.350 | Identification requirement to prevent sale to person under 21 | Public Health/Safety Violation | \$250 | \$500 plus suspension for 30 days | \$1000 permanent revocation of license | | | |
| 3 AAC 306.350 | Identification requirement to prevent sale to person under 21 | | NOV in front of board | 500 NOV in front of board | \$1,000 | | | |
| 3 AAC 306.350 | | | \$500 | \$1,000 | \$2,000 | | | |
| 3 AAC 306.355 | Limit on quantity sold | Public Health/Safety Violation | \$100 | \$500 | \$1,000 | | | |
| 3 AAC 306.365 | Required consumer notices for retail marijuana stores | Public Health/Safety Violation | \$100 | \$200 | \$500 | | | |
| 3 AAC 306.370 | Onsite consumption endorsement for retail marijuana stores | Public Health/Safety Violation | \$100 | \$275 | \$500 | | | |
| | | | | | | | | |

| | | | | | | | | |
|------------------|--|--------------------------------|-----------------------------|----------|----------|--|-----|--|
| Article 4 | Marijuana Cultivation Facilities | | | | | | | |
| 3 AAC 306.400 | <u>Marijuana cultivation facility license required</u> | Public Health/Safety Violation | \$4,000 | \$10,000 | \$20,000 | | | |
| 3 AAC 306.405 | <u>Standard marijuana cultivation facility: privileges and prohibited acts</u> | Public Health/Safety Violation | \$175 | \$625 | \$750 | | | |
| 3 AAC 306.410 | <u>Limited marijuana cultivation facility: privileges and prohibited acts</u> | Public Health/Safety Violation | \$113 | \$375 | \$750 | | | |
| 3 AAC 306.420 | <u>Application for marijuana cultivation facility license</u> | Administrative Violation | \$220 | \$585 | \$1,108 | | | |
| 3 AAC 306.425 | <u>Marijuana handler permit required</u> | Public Health/Safety Violation | \$100 | \$250 | \$500 | | | |
| 3 AAC 306.430 | <u>Restricted access area (odor)</u> | Public Health/Safety Violation | written warning - 12 months | \$150 | \$500 | | Yes | |
| | | | \$50 | \$100 | \$200 | | | |
| 3 AAC 306.435 | <u>Marijuana inventory tracking system</u> | Administrative Violation | 0-50 | 0-\$100 | \$250 | | Yes | 50% or more reduction if self reported |
| | | | \$100 | \$225 | \$500 | | | |
| 3 AAC 306.440 | <u>Health and safety requirements</u> | Public Health/Safety Violation | \$100 | \$250 | \$500 | | | |
| 3 AAC 306.445 | <u>Standards for cultivation and preparation</u> | Administrative Violation | \$250 | \$500 | \$750 | | | |
| 3 AAC 306.450 | <u>Production of marijuana concentrate prohibited</u> | Public Health/Safety Violation | \$4,000 | \$10,000 | \$20,000 | | | |
| 3 AAC 306.455 | <u>Required laboratory testing</u> | Public Health/Safety Violation | \$1,000 | \$2,000 | \$4,500 | | | |
| 3 AAC 306.460 | <u>Samples</u> | Public Health/Safety Violation | \$300 | \$625 | \$2,250 | | | |
| 3 AAC 306.465 | <u>Random sampling</u> | Public Health/Safety Violation | \$300 | \$625 | \$2,250 | | | |
| 3 AAC 306.470 | <u>Packaging of marijuana</u> | Public Health/Safety Violation | \$100 | \$500 | \$700 | | | |
| 3 AAC 306.475 | <u>Labeling of marijuana</u> | Public Health/Safety Violation | \$100 | \$300 | \$500 | | | |

| | | | Taxes are in Default | Taxes are still in default | Taxes are still in default | | Taxes are delinquent & a payment plan is in place | |
|----------------------|---|--------------------------------|---|--|---|--|---|--|
| <u>3 AAC 306.480</u> | <u>Marijunan Taxes to be paid</u> | Administrative Violation | Minimum of 10% of taxes owed up to 10K; | request for the suspension of license and/or fine up to \$30,000 | request for license revocation and/or fine up to \$50,000 | | (1) no new licenses (2) no new endorsements; (3) no conversion (limited to standard); (4) no transfers; (5) no MJ14 expansions of cultivation | |
| | | | \$125 | \$563 | \$1,000 | | | |
| Article 5 | <u>Marijuana Product Manufacturing Facilities</u> | | | | | | | |
| <u>3 AAC 306.500</u> | <u>Marijuana product manufacturing facility license required</u> | Public Health/Safety Violation | \$4,000 | \$10,000 | \$20,000 | | | |
| <u>3 AAC 306.505</u> | <u>Marijuana product manufacturing facility privileges</u> | Public Health/Safety Violation | *** | *** | *** | | | |
| <u>3 AAC 306.510</u> | <u>Acts prohibited at marijuana product manufacturing facility</u> | Public Health/Safety Violation | \$175 | \$500 | \$1,000 | | | |
| <u>3 AAC 306.515</u> | <u>Marijuana concentrate manufacturing facility license</u> | Public Health/Safety Violation | \$220 | \$585 | \$1,108 | | | |
| <u>3 AAC 306.520</u> | <u>Application for marijuana product manufacturing facility license</u> | Administrative Violation | \$220 | \$585 | \$1,108 | | | |
| <u>3 AAC 306.525</u> | <u>Approval of concentrates and marijuana products</u> | Public Health/Safety Violation | \$125 | \$500 | \$1,000 | | | |
| <u>3 AAC 306.530</u> | <u>Marijuana handler permit and food safety worker training</u> | Public Health/Safety Violation | \$100 | \$250 | \$500 | | | |
| <u>3 AAC 306.535</u> | <u>Restricted access and storage areas</u> | Public Health/Safety Violation | \$100 | \$500 | \$1,000 | | | |
| <u>3 AAC 306.540</u> | <u>Marijuana inventory tracking system</u> | Administrative Violation | \$100 | \$225 | \$500 | | | |

| | | | | | | | | |
|----------------------|---|--------------------------------|---------|---------|---------|--|--|--|
| <u>3 AAC 306.545</u> | <u>Health and safety standards</u> | Public Health/Safety Violation | \$100 | \$250 | \$500 | | | |
| <u>3 AAC 306.550</u> | <u>Required laboratory testing</u> | Public Health/Safety Violation | \$1,000 | \$2,000 | \$4,500 | | | |
| <u>3 AAC 306.555</u> | <u>Production of marijuana concentrate</u> | Public Health/Safety Violation | \$363 | \$750 | \$1,500 | | | |
| <u>3 AAC 306.557</u> | <u>Quality control sampling</u> | Public Health/Safety Violation | \$100 | \$250 | \$500 | | | |
| <u>3 AAC 306.560</u> | <u>Potency limits per serving and transaction for edible marijuana products</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,000 | | | |
| <u>3 AAC 306.565</u> | <u>Packaging of marijuana products</u> | Public Health/Safety Violation | \$125 | \$500 | \$700 | | | |
| <u>3 AAC 306.570</u> | <u>Labeling of marijuana products</u> | Public Health/Safety Violation | \$250 | \$500 | \$1,000 | | | |
| | | | | | | | | |
| Article 6 | <u>Marijuana Testing Facilities</u> | | | | | | | |
| <u>3 AAC 306.605</u> | <u>Marijuana testing facility license required</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| <u>3 AAC 306.610</u> | <u>Marijuana testing facilities: privileges and prohibitions</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| <u>3 AAC 306.615</u> | <u>Application for marijuana testing facility license</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| <u>3 AAC 306.620</u> | <u>Approval of testing facility</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| <u>3 AAC 306.622</u> | <u>Marijuana handler permit required</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| <u>3 AAC 306.625</u> | <u>Proficiency testing program</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| <u>3 AAC 306.630</u> | <u>Scientific director</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| <u>3 AAC 306.635</u> | <u>Testing methodologies</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| <u>3 AAC 306.640</u> | <u>Standard operating procedure manual</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| <u>3 AAC 306.645</u> | <u>Laboratory testing of marijuana and marijuana products</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| <u>3 AAC 306.650</u> | <u>Chain of custody</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |

| | | | | | | | | |
|-----------------------------|---|--------------------------------|-------|---------|---------|--|--|---|
| <u>3 AAC 306.655</u> | <u>Marijuana inventory tracking system</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| <u>3 AAC 306.660</u> | <u>Failed materials; retests</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| <u>3 AAC 306.665</u> | <u>Supplemental marijuana quality testing</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| <u>3 AAC 306.670</u> | <u>Reporting; verification</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| <u>3 AAC 306.675</u> | <u>Records retention</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,500 | | | |
| | | | | | | | | |
| Article 7 | <u>Operating Requirements for All Marijuana Establishments</u> | | | | | | | |
| <u>3 AAC 306.700</u> | <u>Marijuana handler permit</u> | Public Health/Safety Violation | \$100 | \$250 | \$500 | | | |
| <u>3 AAC 306.703</u> | <u>Operations</u> | Public Health/Safety Violation | \$100 | \$250 | \$500 | | | |
| <u>3 AAC 306.705</u> | <u>Licensed premises; alteration</u> | Public Health/Safety Violation | \$100 | \$300 | \$500 | | | |
| <u>3 AAC 306.710</u> | <u>Restricted access areas</u> | Public Health/Safety Violation | \$100 | \$250 | \$500 | | | |
| <u>3 AAC 306.715</u> | <u>Security alarm systems and lock standards</u> | Public Health/Safety Violation | \$100 | \$250 | \$1,000 | | | |
| <u>3 AAC 306.720</u> | <u>Video surveillance</u> | Public Health/Safety Violation | \$200 | \$500 | \$1,000 | | | |
| <u>3 AAC 306.725</u> | <u>Inspection of licensed premises</u> | Public Health/Safety Violation | \$500 | \$1,000 | \$2,000 | | | |
| <u>3 AAC 306.730</u> | <u>Marijuana inventory tracking system</u> | Administrative Violation | \$25 | \$50 | \$100 | | | Yes, self reported - officer discretion |
| | | | \$100 | \$225 | \$500 | | | |
| <u>3 AAC 306.735</u> | <u>Health and safety standards</u> | Public Health/Safety Violation | \$100 | \$250 | \$500 | | | |
| <u>3 AAC 306.740</u> | <u>Waste disposal</u> | Public Health/Safety Violation | \$100 | \$250 | \$500 | | | |

| | | | | | | | | |
|-------------------------|---|--------------------------------|-------|-------|---------|--|--|--|
| <u>3 AAC 306.745</u> | <u>Standardized scales</u> | Public Health/Safety Violation | \$100 | \$250 | \$500 | | | |
| <u>3 AAC 306.750</u> | <u>Transportation</u> | Public Health/Safety Violation | \$50 | \$200 | \$300 | | | |
| <u>3 AAC 306.755</u> | <u>Business records</u> | Administrative Violation | \$150 | \$500 | \$900 | | | |
| <u>3 AAC 306.760</u> | <u>Trade Shows</u> | Administrative Violation | \$100 | \$500 | \$500 | | | |
| <u>3 AAC 306.770</u> | <u>Signs, merchandise, advertisements, and promotions</u> | Administrative Violation | \$100 | \$250 | \$500 | | | |
| | | | | | | | | |
| <u>Article 8</u> | <u>Enforcement; Civil Penalties</u> | | | | | | | |
| | | | | | | | | |
| <u>Article 9</u> | <u>General Provisions</u> | | | | | | | |
| <u>3 AAC 306.915</u> | <u>Exercise of authority</u> | Public Health/Safety Violation | \$220 | \$585 | \$1,108 | | | |