



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community,
and Economic Development

ALCOHOL AND MARIJUANA CONTROL OFFICE

550 W 7TH AVENUE, STE 1600
Anchorage, AK 99501
Main: 907.269.0350

To: Marijuana Control Board
Date: September 17, 2025
From: Kevin Richard, Director
RE: Director's Report

- **Introduction**

- This report summarizes the activities of the Alcohol and Marijuana Control Office (AMCO) from the last board meetings held in June 2025.

- **Discussion Topics**

- **AO 358**

- The Board has received copies of Administrative Order 358 issued by the Governor on May 9, 2025. This has placed restrictions on travel, implemented a hiring freeze, and a freeze on the promulgation of new regulations by all agencies. When reviewing regulatory projects, I encourage the Board to consider which are necessary to protect the safety of the public or to meet other essential State responsibilities.

- **AO 360**

- Administrative Order 360 was issued on August 4th, 2025. This order rescinded and replaced AO 157 and AO 266. There are multiple goals and outcomes associated with this AO, culminating in a reduction of the number of regulatory requirements by 15% by December 31, 2026, and 25% (cumulative) by December 31, 2027. Currently staff is tasked with preparing stakeholder meetings, compiling guidance documents, and calculating baseline regulatory requirements.

- **Licensing**

- Regina Cruz will update you on the progress that has been made since the June 2025 board meetings. There is currently a vacancy for a Licensing Examiner 2. A recruitment waiver was completed for the vacant Licensing Examiner 2 position, and interviews are scheduled.

- **Enforcement**

- Investigator Joe Bankowski will update you on the activities of the AMCO Enforcement Unit since the June board meetings. There is currently a vacancy in the Enforcement Unit for one Special Investigator I. The recruitment waiver has been submitted.

- **Administrative**

- The AMCO Administrative Unit has a vacancy for an Administrative Assistant I position. Staff is working to reclassify the position to make it more in-line with the job responsibilities. There is a vacancy for a Regulatory Specialist 2.



- **Legislative Review**
 - Currently, AMCO is monitoring the following bills in preparation for the upcoming legislative session:
 - HB 81: Marijuana: Tax/Retail Stores/Registration
 - Sponsored By: Representative Nelson
 - Current Status: (H)FIN
 - HB 91: Marijuana: Tax/Registration; Income Tax
 - Sponsored By: Representative Carrick
 - Current Status: (H)FIN
 - HB 94: Marijuana: Tax/Registration; Income Tax
 - Sponsored By: Representative Tomaszewski
 - Current Status: (H)L&C
 - SB 73: Marijuana: Tax/Registration; Income Tax
 - Sponsored By: Senator Claman
 - Current Status: (S)FIN
 - Letter of Support from MCB on 2/10/2025
- **Topics to be Considered**
 - **CBD-to-THC Conversion**
 - A meeting will be scheduled in the upcoming weeks regarding the CBD-to-THC conversion process identified as a concern by the MCB and industry. This meeting is intended to be educational with presenters from the scientific community.
 - **Lab Testing Working Group**
 - AMCO is working to convene a Lab Testing Working Group to address some of the items discussed by the Cannabis Testing Lab User Group from 2024 as well as issues that have emerged since their last meeting.
 - **Transportation Working Group**
 - The MCB motioned for the creation of a Transportation Working Group. Transportation is currently included in the 4/14/2025 “omnibus regs package,” and it may not require a working group. Options are to convene a working group, break it out of the “omnibus regs package” as a standalone item, or let it remain in the “omnibus regs package.”
 - **METRC In the News**
 - Two lawsuits have been filed between METRC and Marcus Estes, a former executive vice president for METRC. The first lawsuit, filed in Florida, is ongoing while the second Oregon-based lawsuit was dismissed on June 9th, 2025. The FL case was filed by METRC against Estes, and the OR case was filed by Estes against METRC. Attached is a synopsis by Troutman Pepper Locke, a national law firm based out of Atlanta, GA.



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- **Next Board Meeting**
 - The next Marijuana Control Board meetings are scheduled for December 3rd and 4th in Anchorage, AK.

A handwritten signature in black ink, appearing to read "KR".

Kevin Richard
Director
Alcohol & Marijuana Control Office
kevin.richard@alaska.gov

Regulatory **OVERSIGHT**

Reviewing, analyzing, and navigating compliance, enforcement, investigation, and litigation developments and trends in the state and federal regulatory landscape

Whistleblower Lawsuit Against METRC Raises Significant Compliance and Accountability Concerns for the Legal Cannabis Industry



By **Jean Smith-Gonnell & Cole White** on April 22, 2025

METRC, Inc., the predominant provider of seed-to-sale tracking software used by state regulatory bodies overseeing legal cannabis markets across the U.S., faces serious allegations detailed in a recent lawsuit filed in Oregon. The lawsuit, brought by a former executive at METRC, accuses the company of whistleblower retaliation and wrongful termination under Oregon law. Central to the plaintiff's complaint are allegations that METRC knowingly ignored substantial compliance violations within its tracking systems in California, potentially facilitating illegal diversion of cannabis

products. The litigation raises critical concerns for cannabis regulatory compliance, not only in Oregon and California but also in the 25 other jurisdictions that rely on METRC's systems.

Overview of the Complaint and Allegations

Plaintiff Marcus Estes joined METRC as an executive vice president after METRC's April 2023 acquisition of Chroma Signet, a company Estes founded to develop blockchain-enabled QR-code technology. Initially optimistic about the position, Estes promoted a transition away from METRC's RFID tag-based tracking technology toward his QR-based technology, which promised lower costs and enhanced security for cannabis tracking. Estes claims that he quickly encountered significant resistance within METRC management against moving away from the highly profitable RFID tags.

Estes' complaint further details a visit to Catalyst Cannabis Company in California in June 2023, during which Estes was informed of widespread abuses involving "burner distros" — operations that legally acquire cannabis through California-licensed businesses but subsequently divert substantial quantities into illicit interstate markets. In addition to bringing legal action against the California Department of Cannabis Control for failing to take action against these illicit actors, Catalyst representatives directly alleged that METRC's software failed to automatically flag these types of irregularities despite specific contractual obligations mandating such safeguards.

The complaint states that Estes verified internally that METRC possessed the technical capability to quickly identify and flag irregularities but was choosing not to, ostensibly to protect its lucrative RFID revenue streams and contractual standing. Estes voiced his concerns internally. Rather than addressing these compliance issues, METRC allegedly retaliated against Estes by marginalizing him, excluding him from key responsibilities, and ultimately terminating his employment without cause in early 2024.

In his lawsuit, Estes claims whistleblower retaliation under Oregon statutes ORS 659A.199 and 659A.885, asserting that METRC's actions directly resulted from his lawful reporting of suspected regulatory violations. Additionally, Estes alleges wrongful discharge, contending that his dismissal was rooted in his refusal to remain silent

about practices he reasonably believed violated both state and federal laws, as well as contractual agreements with state regulatory authorities.

Why It Matters

METRC's seed-to-sale tracking system is integral to cannabis regulation, serving as a linchpin for compliance and enforcement efforts across 24 states, the District of Columbia, Guam, and the U.S. Virgin Islands. State-legal cannabis markets are meticulously designed to prevent the inversion of unregulated cannabis into legal markets and diversion from regulated markets into illicit channels, protecting public health and safety, ensuring accurate tax collection, and safeguarding the viability of licensed businesses.

The allegations raised by Estes suggest potential systemic vulnerabilities or willful noncompliance within METRC's widely deployed tracking solutions. These claims could lead to increased regulatory scrutiny in multiple jurisdictions, triggering audits, contractual reviews, and potentially significant operational changes.

For cannabis industry stakeholders — including regulators, licensed operators, and ancillary businesses — the lawsuit underscores concerns about accountability, trustworthiness, and the reliability of compliance infrastructure. The outcome of this litigation could compel states to re-examine partnerships and reassess the effectiveness of cannabis regulatory frameworks, ultimately shaping future compliance standards and regulatory enforcement nationwide.

Our Cannabis Practice provides advice on issues related to applicable federal and state law. Cannabis remains an illegal controlled substance under federal law.



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HOUSE BILL NO. 81

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES NELSON, Gray, Prax

Introduced: 2/3/25

Referred: State Affairs, Judiciary

A BILL

FOR AN ACT ENTITLED

1 **"An Act restricting the release of certain records of convictions; and providing for an**
2 **effective date."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 12.62.160(b) is amended to read:

5 (b) Subject to the requirements of this section, and except as otherwise limited
6 or prohibited by other provision of law or court rule, criminal justice information

7 (1) may be provided to a person when, and only to the extent,
8 necessary to avoid imminent danger to life or extensive damage to property;

9 (2) may be provided to a person to the extent required by applicable
10 court rules or under an order of a court of this state, another state, or the United States;

11 (3) may be provided to a person if the information is commonly or
12 traditionally provided by criminal justice agencies in order to identify, locate, or
13 apprehend fugitives or wanted persons or to recover stolen property, or for public
14 reporting of recent arrests, charges, and other criminal justice activity;

(4) may be provided to a criminal justice agency for a criminal justice activity;

(5) may be provided to a government agency when necessary for enforcement of or for a purpose specifically authorized by state or federal law;

(6) may be provided to a person specifically authorized by a state or federal law to receive that information;

(7) in aggregate form may be released to a qualified person, as determined by the agency, for criminal justice research, subject to written conditions that assure the security of the information and the privacy of individuals to whom the information relates;

(8) may be provided to a person for any purpose, except that information may not be released if the information is nonconviction information, [OR] correctional treatment information, or criminal justice information as described in (f) of this section;

(9) including information relating to a serious offense, may be provided to an interested person if the information is requested for the purpose of determining whether to grant a person supervisory or disciplinary power over a minor or dependent adult; and

(10) may be provided to the person who is the subject of the information.

* **Sec. 2.** AS 12.62.160 is amended by adding a new subsection to read:

(f) An agency may not release criminal justice information of a criminal case in which the defendant

(1) was convicted under AS 11.71.060, or a municipal ordinance with similar elements, for possession of less than one ounce of a schedule VIA controlled substance;

(2) was 21 years of age or older at the time of commission of the offense;

(3) was not convicted of any other criminal charges in that case; and

(4) requests that the agency not release the records.

* **Sec. 3.** AS 12.62.160(f)(4) is repealed January 1, 2028.

1 * **Sec. 4.** This Act takes effect January 1, 2026.

CS FOR HOUSE BILL NO. 91(STA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 3/12/25

Referred: Finance

Sponsor(s): REPRESENTATIVE CARRICK

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the lawful operation of retail marijuana stores; relating to**
2 **marijuana cultivation; relating to the registration of marijuana establishments; relating**
3 **to marijuana taxes; relating to the duties of the Department of Revenue; and providing**
4 **for an effective date."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1.** AS 17.38.070(a) is amended to read:

7 (a) Notwithstanding any other provision of law, the following acts, when
8 performed by a retail marijuana store with a current, valid registration, or a person 21
9 years of age or older who is acting in the person's capacity as an owner, employee, or
10 agent of a retail marijuana store, are lawful and are not an offense under state law or a
11 basis for seizure or forfeiture of assets under state law:

12 (1) possessing, displaying, storing, or transporting marijuana or
13 marijuana products, except that marijuana and marijuana products may not be
14 displayed in a manner that is visible to the general public from a public right-of-way;

1 (2) delivering or transferring marijuana or marijuana products to a
2 marijuana testing facility;

3 (3) receiving marijuana or marijuana products from a marijuana testing
4 facility;

5 (4) purchasing marijuana from a marijuana cultivation facility;

6 (5) purchasing marijuana or marijuana products from a marijuana
7 product manufacturing facility; and

8 (6) delivering, distributing, or selling marijuana or marijuana products
9 to a consumer, a marijuana cultivation facility, or a marijuana product
10 manufacturing facility [CONSUMERS].

11 * **Sec. 2.** AS 17.38 is amended by adding a new section to read:

12 **Sec. 17.38.075. Marijuana inventory tracking at marijuana cultivation**
13 **facilities.** A marijuana cultivation facility shall assign a tracking number to each crop
14 of marijuana plants when the height of one or more plants exceeds eight inches. The
15 board may not require a marijuana cultivation facility to assign an individual tracking
16 number to each plant propagated, grown, or cultivated on the marijuana cultivation
17 facility's premises.

18 * **Sec. 3.** AS 17.38.200(a) is amended to read:

19 (a) Each application or renewal application for a registration to operate a
20 marijuana establishment shall be submitted to the board. A renewal application may be
21 submitted up to 90 days before the expiration of the marijuana establishment's
22 registration. When filing an application for a new registration under this subsection,
23 the applicant shall submit the applicant's fingerprints and the fees required by the
24 Department of Public Safety under AS 12.62.160 for criminal justice information and
25 a national criminal history record check. When filing an application for renewal of
26 registration, an applicant shall submit the applicant's fingerprints and the fees required
27 by the Department of Public Safety under AS 12.62.160 for criminal justice
28 information and a national criminal history record check every six [FIVE] years. The
29 board shall forward the fingerprints and fees to the Department of Public Safety to
30 obtain a report of criminal justice information under AS 12.62 and a national criminal
31 history record check under AS 12.62.400.

1 * **Sec. 4.** AS 17.38.200(d) is amended to read:

2 (d) Within 45 to 90 days after receiving an application or renewal application,
3 the board shall issue a biennial [AN ANNUAL] registration to the applicant unless
4 the board finds the applicant is not in compliance with regulations enacted under
5 [PURSUANT TO] AS 17.38.190 or the board is notified by the relevant local
6 government that the applicant is not in compliance with ordinances and regulations
7 made under [PURSUANT TO] AS 17.38.210 and in effect at the time of application.

8 * **Sec. 5.** AS 17.38.210(e) is amended to read:

9 (e) A local government may establish a schedule of biennial [ANNUAL]
10 operating, registration, and application fees for marijuana establishments, provided
11 that the local government may charge the

12 (1) application fee only if an application is submitted to the local
13 government in accordance with (f) of this section; and

14 (2) registration fee only if a registration is issued by the local
15 government in accordance with (f) of this section.

16 * **Sec. 6.** AS 17.38.210(f) is amended to read:

17 (f) If the board does not issue a registration to an applicant within 90 days
18 after receiving [OF RECEIPT OF] the application filed in accordance with
19 AS 17.38.200 and does not notify the applicant of the specific, permissible reason for
20 its denial, in writing and within that [SUCH] time period, or if the board has adopted
21 regulations under [PURSUANT TO] AS 17.38.190 and has accepted applications
22 under [PURSUANT TO] AS 17.38.200 but has not issued any registrations by 15
23 months after February 24, 2015, the applicant may resubmit its application directly to
24 the local regulatory authority, under [PURSUANT TO] (c) of this section, and the
25 local regulatory authority may issue a biennial [AN ANNUAL] registration to the
26 applicant. If an application is submitted to a local regulatory authority under this
27 subsection, the board shall forward to the local regulatory authority the application fee
28 paid by the applicant to the board upon request by the local regulatory authority.

29 * **Sec. 7.** AS 17.38.210(h) is amended to read:

30 (h) A local regulatory authority issuing a registration to an applicant shall do
31 so within 90 days after receiving [OF RECEIPT OF] the submitted or resubmitted

1 application unless the local regulatory authority finds and notifies the applicant that
 2 the applicant is not in compliance with ordinances and regulations made under
 3 [PURSUANT TO] (b) of this section in effect at the time the application is submitted
 4 to the local regulatory authority. The local government shall notify the board if a
 5 biennial [AN ANNUAL] registration has been issued to the applicant.

6 * **Sec. 8.** AS 17.38.210(j) is amended to read:

7 (j) A subsequent or renewed registration may be issued under (f) of this
 8 section on a biennial [AN ANNUAL] basis only upon resubmission to the local
 9 government of a new application submitted to the board under [PURSUANT TO]
 10 AS 17.38.200.

11 * **Sec. 9.** AS 17.38.320 is amended to read:

12 **Sec. 17.38.320. Effect on registrations of prohibition of marijuana**
 13 **establishments.** If a majority of voters vote to prohibit the operation of marijuana
 14 establishments under AS 17.38.300, the board may not issue, renew, or transfer,
 15 between persons or locations, a registration for a marijuana establishment located
 16 within the perimeter of the established village. A registration that may not be renewed
 17 because of a local option election held under AS 17.38.300 is void 90 days after the
 18 results of the election are certified. A registration that expires during the 90 days after
 19 the results of a local option election are certified may be extended, until it is void
 20 under this section, by payment of a prorated portion of the biennial [ANNUAL]
 21 registration fee.

22 * **Sec. 10.** AS 17.38.900(18) is amended to read:

23 (18) "retail marijuana store" means an entity registered to purchase
 24 marijuana from marijuana cultivation facilities, to purchase marijuana and marijuana
 25 products from marijuana product manufacturing facilities, and to sell marijuana and
 26 marijuana products to consumers, marijuana cultivation facilities, and marijuana
 27 product manufacturing facilities;

28 * **Sec. 11.** AS 43.61.010(a) is amended to read:

29 (a) An excise tax is imposed on the sale or transfer of marijuana from a
 30 marijuana cultivation facility to a retail marijuana store or marijuana product
 31 manufacturing facility. Every marijuana cultivation facility shall pay an excise tax at

the rate of **\$12.50 an** [\$50 PER] ounce, or proportionate part thereof, on marijuana that is sold or transferred from a marijuana cultivation facility to a retail marijuana store or marijuana product manufacturing facility.

* **Sec. 12.** AS 43.61.010(f) is amended to read:

(f) The marijuana education and treatment fund is established in the general fund. In addition to the accounting under (c) of this section, the Department of Administration shall separately account for 25 percent of the tax collected under this section and deposit it into the marijuana education and treatment fund. The Department of Administration shall deposit interest earned on the fund into the general fund. Money in the fund does not lapse. The legislature may use the annual estimated balance in the fund to make appropriations to the Department of Health for the comprehensive marijuana use education and treatment program established under AS 44.29.020(a)(14) **and may use at least 50 percent of the annual estimated balance in the fund to make appropriations to the youth services grant program within the community-based marijuana misuse prevention component of that program.**

* **Sec. 13.** AS 43.61.010 is amended by adding new subsections to read:

(g) In addition to the accounting under (c) and (f) of this section, the Department of Administration shall separately account for 25 percent of the tax collected under this section and deposit it into the public education fund.

(h) A sales tax is imposed on the sale of marijuana and marijuana products from a retail marijuana store to a consumer. Every consumer shall pay a six percent sales tax at a retail marijuana store for all marijuana and marijuana products intended for human consumption.

* **Sec. 14.** AS 43.61.020 is amended to read:

Sec. 43.61.020. Quarterly statements [MONTHLY STATEMENT] and payments. (a) Each **retail** marijuana **store** [CULTIVATION FACILITY] shall send a statement by mail or electronically to the department on or before the last day of each **quarter** [CALENDAR MONTH]. The statement must contain an account of the amount of marijuana sold **to consumers** [OR TRANSFERRED TO RETAIL MARIJUANA STORES AND MARIJUANA PRODUCT MANUFACTURING

FACILITIES IN THE STATE] during the preceding quarter [MONTH], setting out
 [(1)] the total number of ounces, including fractional ounces, sold and
the total value of the marijuana sold [OR TRANSFERRED];

(2) THE NAMES AND ALASKA ADDRESS OF EACH BUYER
 AND TRANSFEREE; AND

(3) THE WEIGHT OF MARIJUANA SOLD OR TRANSFERRED
 TO THE RESPECTIVE BUYERS OR TRANSFEREES].

(b) The retail marijuana store [CULTIVATION FACILITY] shall pay
quarterly [MONTHLY] to the department [,] all taxes, computed at the rates
 prescribed in this chapter, on the respective total quantities of the marijuana sold [OR
 TRANSFERRED] during the preceding quarter [MONTH]. The quarterly
 [MONTHLY] return shall be filed and the tax paid on or before the last day of each
quarter [MONTH] to cover the preceding quarter [MONTH].

* **Sec. 15.** AS 43.61.030 is amended to read:

Sec. 43.61.030. Administration and enforcement of tax. (a) Delinquent
 payments under this chapter shall subject the retail marijuana store [CULTIVATION
 FACILITY] to civil penalties under AS 43.05.220.

(b) If a retail marijuana store [CULTIVATION FACILITY] fails to pay the
 tax to the state, the retail marijuana store's [CULTIVATION FACILITY'S]
 registration may be revoked in accordance with procedures established under
 AS 17.38.190(a)(1).

* **Sec. 16.** AS 44.25.020 is amended to read:

Sec. 44.25.020. Duties of department. The Department of Revenue shall

(1) enforce the tax laws of the state;

(2) collect, account for, have custody of, invest, and manage all state
 funds and all revenues of the state except revenues incidental to a program of licensing
 and regulation carried on by another state department, funds managed and invested by
 the Alaska Retirement Management Board, and as otherwise provided by law;

(3) invest and manage the balance of the power development fund in
 accordance with AS 44.83.386;

(4) administer the surety bond program for licensure as a fish

processor or primary fish buyer;

(5) provide reasonable assistance to the Alaska Industrial Development and Export Authority under AS 44.88.850(c);

(6) establish at least one facility in each judicial district to collect monthly statements and payments from retail marijuana stores under AS 43.61.020.

* **Sec. 17.** AS 43.61.010(b) is repealed.

* **Sec. 18.** AS 43.61.010(a) is repealed January 1, 2026.

* **Sec. 19.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 43.61.010(a), as amended by sec. 11 of this Act, applies to taxes accrued on or after the effective date of sec. 11 of this Act.

* **Sec. 20.** Sections 13 - 16 of this Act take effect January 1, 2026.

* **Sec. 21.** Except as provided in sec. 20 of this Act, this Act takes effect July 1, 2025.

HOUSE BILL NO. 94

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE TOMASZEWSKI

Introduced: 2/12/25

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the registration of marijuana establishments; relating to a tax**
2 **exemption for qualified small businesses; relating to marijuana taxes; and providing for**
3 **an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 17.38.200(d) is amended to read:

6 (d) Within 45 to 90 days after receiving an application or renewal application,
7 the board shall issue a biennial [AN ANNUAL] registration to the applicant unless
8 the board finds the applicant is not in compliance with regulations enacted under
9 [PURSUANT TO] AS 17.38.190 or the board is notified by the relevant local
10 government that the applicant is not in compliance with ordinances and regulations
11 made under [PURSUANT TO] AS 17.38.210 and in effect at the time of application.

12 * **Sec. 2.** AS 17.38.210(e) is amended to read:

13 (e) A local government may establish a schedule of biennial [ANNUAL]
14 operating, registration, and application fees for marijuana establishments, provided

1 that the local government may charge the

2 (1) application fee only if an application is submitted to the local
3 government in accordance with (f) of this section; and

4 (2) registration fee only if a registration is issued by the local
5 government in accordance with (f) of this section.

6 * **Sec. 3.** AS 17.38.210(f) is amended to read:

7 (f) If the board does not issue a registration to an applicant within 90 days
8 after receiving [OF RECEIPT OF] the application filed in accordance with
9 AS 17.38.200 and does not notify the applicant of the specific, permissible reason for
10 its denial, in writing and within that [SUCH] time period, or if the board has adopted
11 regulations under [PURSUANT TO] AS 17.38.190 and has accepted applications
12 under [PURSUANT TO] AS 17.38.200 but has not issued any registrations by 15
13 months after February 24, 2015, the applicant may resubmit its application directly to
14 the local regulatory authority, in accordance with [PURSUANT TO] (c) of this
15 section, and the local regulatory authority may issue a biennial [AN ANNUAL]
16 registration to the applicant. If an application is submitted to a local regulatory
17 authority under this subsection, the board shall forward to the local regulatory
18 authority the application fee paid by the applicant to the board upon request by the
19 local regulatory authority.

20 * **Sec. 4.** AS 17.38.210(h) is amended to read:

21 (h) A local regulatory authority issuing a registration to an applicant shall do
22 so within 90 days after receiving [OF RECEIPT OF] the submitted or resubmitted
23 application unless the local regulatory authority finds and notifies the applicant that
24 the applicant is not in compliance with ordinances and regulations made under
25 [PURSUANT TO] (b) of this section in effect at the time the application is submitted
26 to the local regulatory authority. The local government shall notify the board if a
27 biennial [AN ANNUAL] registration has been issued to the applicant.

28 * **Sec. 5.** AS 17.38.210(j) is amended to read:

29 (j) A subsequent or renewed registration may be issued under (f) of this
30 section on a biennial [AN ANNUAL] basis only upon resubmission to the local
31 government of a new application submitted to the board under [PURSUANT TO]

AS 17.38.200.

* **Sec. 6.** AS 17.38.320 is amended to read:

Sec. 17.38.320. Effect on registrations of prohibition of marijuana establishments. If a majority of voters vote to prohibit the operation of marijuana establishments under AS 17.38.300, the board may not issue, renew, or transfer, between persons or locations, a registration for a marijuana establishment located within the perimeter of the established village. A registration that may not be renewed because of a local option election held under AS 17.38.300 is void 90 days after the results of the election are certified. A registration that expires during the 90 days after the results of a local option election are certified may be extended, until it is void under this section, by payment of a prorated portion of the **biennial** [ANNUAL] registration fee.

* **Sec. 7.** AS 43.20.012(a) is amended to read:

(a) The tax imposed by this chapter does not apply to

(1) an individual;

(2) a fiduciary;

(3) the income received by a regional association qualified under AS 16.10.380 or nonprofit corporation holding a hatchery permit under AS 16.10.400 from the sale of salmon or salmon eggs under AS 16.10.450 or from a cost recovery fishery under AS 16.10.455; [OR]

(4) the income received by a nonprofit corporation holding a permit under AS 16.12.010 from the sale of shellfish under AS 16.12.080 or from a cost recovery fishery under AS 16.12.090; **or**

(5) an Alaska corporation that is a qualified small business and that meets the active business requirements in 26 U.S.C. 1202(e), as that subsection read on January 1, 2012.

* **Sec. 8.** AS 43.20.012 is amended by adding new subsections to read:

(e) For the purposes of (a)(5) of this section,

(1) whether a corporation qualifies under (a)(5) of this section shall be determined on the first day of the tax year for which the corporation claims it qualifies under (a)(5) of this section;

(2) all corporations that are members of the same parent-subsiidiary controlled group shall be treated as one corporation.

(f) In this section,

(1) "Alaska corporation" means a corporation that has been incorporated in the state or is authorized to do business in the state;

(2) "parent-subsiidiary controlled group" has the meaning given in 26 U.S.C. 1202, as that section read on January 1, 2012;

(3) "qualified small business" has the meaning given in 26 U.S.C. 1202, as that section read on January 1, 2012, and does not include a construction, transportation, utility, or fisheries business.

* **Sec. 9.** AS 43.61.010(a) is amended to read:

(a) An excise tax is imposed on the sale or transfer of marijuana from a marijuana cultivation facility to a retail marijuana store or marijuana product manufacturing facility. Every marijuana cultivation facility shall pay an excise tax at the rate of \$12 an [\$50 PER] ounce, or proportionate part thereof, on marijuana that is sold or transferred from a marijuana cultivation facility to a retail marijuana store or marijuana product manufacturing facility.

* **Sec. 10.** AS 43.61.010(b) is amended to read:

(b) The department may exempt certain parts of the marijuana plant from the excise tax described in (a) of this section [OR MAY ESTABLISH A RATE LOWER THAN \$50 PER OUNCE FOR CERTAIN PARTS OF THE MARIJUANA PLANT].

* **Sec. 11.** AS 43.61.010 is amended by adding a new subsection to read:

(g) The tax imposed under (a) of this section is imposed on the sale or transfer of marijuana by a person who, without a current valid registration, cultivates marijuana in an amount that exceeds the amount allowed under AS 17.38.020 for personal use. A person who cultivates marijuana without a current valid registration is liable for the tax imposed under this subsection at the time the sale or transfer is made.

* **Sec. 12.** AS 43.61.020(b) is amended to read:

(b) The marijuana cultivation facility shall pay monthly to the department, all taxes, computed at the rate [RATES] prescribed in this chapter, on the respective total quantities of the marijuana sold or transferred during the preceding month. The

1 monthly return shall be filed and the tax paid on or before the last day of each month
2 to cover the preceding month.

3 * **Sec. 13.** AS 43.61.030(a) is amended to read:

4 (a) **A person who is delinquent in the payment of a tax** [DELINQUENT
5 PAYMENTS] under this chapter **is** [SHALL] subject [THE MARIJUANA
6 CULTIVATION FACILITY] to civil penalties under AS 43.05.220.

7 * **Sec. 14.** The uncodified law of the State of Alaska is amended by adding a new section to
8 read:

9 APPLICABILITY. (a) AS 43.20.012(a), as amended by sec. 7 of this Act, and
10 AS 43.20.012(e) and (f), enacted by sec. 8 of this Act, apply to the tax year of a corporation
11 beginning on or after the effective date of this Act.

12 (b) AS 43.61.010(g), enacted by sec. 11 of this Act, and AS 43.61.030(a), as amended
13 by sec. 13 of this Act, apply to taxes accrued on or after the effective date of this Act.

14 * **Sec. 15.** This Act takes effect July 1, 2025.

SENATE BILL NO. 73

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - FIRST SESSION

BY SENATOR CLAMAN

Introduced: 1/24/25

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the registration of marijuana establishments; relating to a tax
2 exemption for qualified small businesses; relating to marijuana taxes; and providing for
3 an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 17.38.200(d) is amended to read:

6 (d) Within 45 to 90 days after receiving an application or renewal application,
7 the board shall issue a biennial [AN ANNUAL] registration to the applicant unless
8 the board finds the applicant is not in compliance with regulations enacted under
9 [PURSUANT TO] AS 17.38.190 or the board is notified by the relevant local
10 government that the applicant is not in compliance with ordinances and regulations
11 made under [PURSUANT TO] AS 17.38.210 and in effect at the time of application.

12 * **Sec. 2.** AS 17.38.210(e) is amended to read:

13 (e) A local government may establish a schedule of biennial [ANNUAL]
14 operating, registration, and application fees for marijuana establishments, provided

1 that the local government may charge the

2 (1) application fee only if an application is submitted to the local
3 government in accordance with (f) of this section; and

4 (2) registration fee only if a registration is issued by the local
5 government in accordance with (f) of this section.

6 * **Sec. 3.** AS 17.38.210(f) is amended to read:

7 (f) If the board does not issue a registration to an applicant within 90 days
8 after receiving [OF RECEIPT OF] the application filed in accordance with
9 AS 17.38.200 and does not notify the applicant of the specific, permissible reason for
10 its denial, in writing and within that [SUCH] time period, or if the board has adopted
11 regulations under [PURSUANT TO] AS 17.38.190 and has accepted applications
12 under [PURSUANT TO] AS 17.38.200 but has not issued any registrations by 15
13 months after February 24, 2015, the applicant may resubmit its application directly to
14 the local regulatory authority, in accordance with [PURSUANT TO] (c) of this
15 section, and the local regulatory authority may issue a biennial [AN ANNUAL]
16 registration to the applicant. If an application is submitted to a local regulatory
17 authority under this subsection, the board shall forward to the local regulatory
18 authority the application fee paid by the applicant to the board upon request by the
19 local regulatory authority.

20 * **Sec. 4.** AS 17.38.210(h) is amended to read:

21 (h) A local regulatory authority issuing a registration to an applicant shall do
22 so within 90 days after receiving [OF RECEIPT OF] the submitted or resubmitted
23 application unless the local regulatory authority finds and notifies the applicant that
24 the applicant is not in compliance with ordinances and regulations made under
25 [PURSUANT TO] (b) of this section in effect at the time the application is submitted
26 to the local regulatory authority. The local government shall notify the board if a
27 biennial [AN ANNUAL] registration has been issued to the applicant.

28 * **Sec. 5.** AS 17.38.210(j) is amended to read:

29 (j) A subsequent or renewed registration may be issued under (f) of this
30 section on a biennial [AN ANNUAL] basis only upon resubmission to the local
31 government of a new application submitted to the board under [PURSUANT TO]

1 AS 17.38.200.

2 * **Sec. 6.** AS 17.38.320 is amended to read:

3 **Sec. 17.38.320. Effect on registrations of prohibition of marijuana**
 4 **establishments.** If a majority of voters vote to prohibit the operation of marijuana
 5 establishments under AS 17.38.300, the board may not issue, renew, or transfer,
 6 between persons or locations, a registration for a marijuana establishment located
 7 within the perimeter of the established village. A registration that may not be renewed
 8 because of a local option election held under AS 17.38.300 is void 90 days after the
 9 results of the election are certified. A registration that expires during the 90 days after
 10 the results of a local option election are certified may be extended, until it is void
 11 under this section, by payment of a prorated portion of the **biennial** [ANNUAL]
 12 registration fee.

13 * **Sec. 7.** AS 43.20.012(a) is amended to read:

14 (a) The tax imposed by this chapter does not apply to

15 (1) an individual;

16 (2) a fiduciary;

17 (3) the income received by a regional association qualified under
 18 AS 16.10.380 or nonprofit corporation holding a hatchery permit under AS 16.10.400
 19 from the sale of salmon or salmon eggs under AS 16.10.450 or from a cost recovery
 20 fishery under AS 16.10.455; [OR]

21 (4) the income received by a nonprofit corporation holding a permit
 22 under AS 16.12.010 from the sale of shellfish under AS 16.12.080 or from a cost
 23 recovery fishery under AS 16.12.090; **or**

24 **(5) an Alaska corporation that is a qualified small business and**
 25 **that meets the active business requirements in 26 U.S.C. 1202(e), as that**
 26 **subsection read on January 1, 2012.**

27 * **Sec. 8.** AS 43.20.012 is amended by adding new subsections to read:

28 (e) For the purposes of (a)(5) of this section,

29 (1) whether a corporation qualifies under (a)(5) of this section shall be
 30 determined on the first day of the tax year for which the corporation claims it qualifies
 31 under (a)(5) of this section;

(2) all corporations that are members of the same parent-subsidary controlled group shall be treated as one corporation.

(f) In this section,

(1) "Alaska corporation" means a corporation that has been incorporated in the state or is authorized to do business in the state;

(2) "parent-subsidary controlled group" has the meaning given in 26 U.S.C. 1202, as that section read on January 1, 2012;

(3) "qualified small business" has the meaning given in 26 U.S.C. 1202, as that section read on January 1, 2012, and does not include a construction, transportation, utility, or fisheries business.

* **Sec. 9.** AS 43.61.010(a) is amended to read:

(a) An excise tax is imposed on the sale or transfer of marijuana from a marijuana cultivation facility to a retail marijuana store or marijuana product manufacturing facility. Every marijuana cultivation facility shall pay an excise tax at the rate of \$12 an [\$50 PER] ounce, or proportionate part thereof, on marijuana that is sold or transferred from a marijuana cultivation facility to a retail marijuana store or marijuana product manufacturing facility.

* **Sec. 10.** AS 43.61.010(b) is amended to read:

(b) The department may exempt certain parts of the marijuana plant from the excise tax described in (a) of this section [OR MAY ESTABLISH A RATE LOWER THAN \$50 PER OUNCE FOR CERTAIN PARTS OF THE MARIJUANA PLANT].

* **Sec. 11.** AS 43.61.010 is amended by adding a new subsection to read:

(g) The tax imposed under (a) of this section is imposed on the sale or transfer of marijuana by a person who, without a current valid registration, cultivates marijuana in an amount that exceeds the amount allowed under AS 17.38.020 for personal use. A person who cultivates marijuana without a current valid registration is liable for the tax imposed under this subsection at the time the sale or transfer is made.

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(b) The marijuana cultivation facility shall pay monthly to the department, all taxes, computed at the rate [RATES] prescribed in this chapter, on the respective total quantities of the marijuana sold or transferred during the preceding month. The

1 monthly return shall be filed and the tax paid on or before the last day of each month
2 to cover the preceding month.

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4 (a) **A person who is delinquent in the payment of a tax** [DELINQUENT
5 PAYMENTS] under this chapter **is** [SHALL] subject [THE MARIJUANA
6 CULTIVATION FACILITY] to civil penalties under AS 43.05.220.

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11 beginning on or after the effective date of this Act.

12 (b) AS 43.61.010(g), enacted by sec. 11 of this Act, and AS 43.61.030(a), as amended
13 by sec. 13 of this Act, apply to taxes accrued on or after the effective date of this Act.

14 * **Sec. 15.** This Act takes effect July 1, 2025.