

Chapter 306. Regulation of Marijuana Industry.

Article

1. Licensing, Fees (3 AAC 306.010-3AAC 306.95)
2. Local Options (3 AAC 306.200-3AAC 306.270)
3. Marijuana Retail Stores (3 AAC 306.300-3AAC 306.355)
4. Marijuana Cultivation and Brokerage Licenses (3 AAC 306.400-3AAC 306.____)
5. Marijuana Products Manufacturing Facilities (3 AAC 306.500-3AAC 306.____)
6. Marijuana Testing Facilities (3 AAC 306.600-3AAC 306.6__)
7. Operating Requirements for All Marijuana Establishments (3 AAC 306.700-3AAC 306.760)
8. Enforcement, Civil Penalties (3 AAC 306.800-3AAC 306.____)
9. General Provisions (3 AAC 306.900-3AAC 306.____)

Article 1. Licensing, fees.

Section

05. License required
10. License restrictions
15. License conditions
20. Application for new license
25. Application procedure
30. Application for renewal of license
35. Ownership change to be reported
40. Application for transfer of a license to another person
45. Relocation of licensed premises not allowed

- 50. Criminal justice information and records
- 55. Protest by local government
- 60. Public participation
- 65. Public hearing
- 70. Procedure for action on license application
- 75. Denial of license application
- 80. Informal conference
- 85. Formal hearing
- 90. Appeals.
- 95. Fees, refund and forfeiture

3 AAC 306.005. License required. A marijuana establishment may not operate in the state unless it has obtained the applicable marijuana establishment license from the board. The board will issue the following marijuana establishment licenses under this chapter:

(1) a retail marijuana store license, granting authority for activities allowed under AS 17.38.070(a), and subject to the provisions of 3 AAC 306.300-3 AAC 306.355 and 3 AAC 306.700-3AAC 306.760;

(2) a marijuana cultivation facility license, as described in 3 AAC 306.4__, granting authority for activities allowed under AS 17.38.070(b), and subject to the provisions of 3 AAC 306.400 -3 AAC 306.4__ and 3 AAC 306.700-3AAC 306.760 ;

(3) a marijuana product manufacturing facility license, as described in 3 AAC 306.5__, granting authority for activities allowed under AS 17.38.070(c), and subject to the provisions of 3 AAC 306.500-3 AAC 306.___and 3 AAC 306.700-3AAC 306.760; and

(4) a marijuana testing facility license, granting authority for activities allowed

under AS 17.38.070(d), and subject to the provisions of 3 AAC 306.600-3 AAC 306.6__ and 3 AAC 306.700-3AAC 306.760. (Eff. ___/___/___, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.010. License restrictions. (a) The board will not issue a marijuana establishment license if the licensed premises will be located within 200 feet of a child-centered facility including a school, daycare, or other facility providing services to children; a building in which religious services are regularly conducted; or a correctional facility. The distance specified in this subsection must be measured by the shortest pedestrian route from the public entrance of the building in which the licensed premises would be located to the outer boundaries of the child-centered facility, or to the main public entrance of the building in which religious services are regularly conducted, or the correctional facility. This section does not prohibit the renewal of an existing marijuana establishment license or the transfer of an existing marijuana establishment license to another person if the licensed premises were in use before the child-centered facility, the building in which religious services are regularly conducted, or the correctional facility began use of a site within 200 feet. If an existing marijuana establishment license for premises located within 200 feet of a child-centered facility, a building in which religious services are regularly conducted, or a correctional facility is revoked, or expires, the board will not issue another marijuana establishment license for the same premises unless the school grounds, the building in which religious services are regularly conducted or the correctional facility no longer occupies the site within 200 feet.

(b) The board will not issue a marijuana establishment license if the licensed premises

will be located in or immediately adjacent to a liquor license premises.

(c) The board will not issue a marijuana establishment license when a municipality protests an application under 3 AAC 306.055 on the grounds that that the applicant’s proposed licensed premises are located in a place within the municipality where a local zoning ordinance prohibits the marijuana establishment, unless the municipality has approved a variance of the local ordinance.

(d) The board will not issue a marijuana establishment license to a person

(1) who is prohibited under AS 17.38.100(i) from receiving a marijuana establishment license because of a conviction of a felony; if the applicant is a partnership, limited liability company, or corporation, the board will not issue a license if any person named in 3 AAC 306.020(a)(1) is prohibited under AS 17.38.100(i) from obtaining a license; in this paragraph, “conviction of a felony” includes a suspended imposition of sentence;

(2) who operated a marijuana delivery service, a marijuana club, or a marijuana establishment illegally without a license within the two years before the effective date of this section, or has been found guilty of a criminal act or violation of AS 04, or a violation of AS 17.38, unless the board finds that person has diligently worked with the board to comply with all current laws relating to marijuana. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.015. License conditions. (a) The board will issue each marijuana establishment license to a specific individual, to a partnership, including a limited partnership, to a limited liability company, or to a corporation. A person other than a licensee may not have a

direct or indirect financial interest in the business for which a marijuana establishment license is issued.

(b) The board will not issue a marijuana establishment license to

(1) an individual or a sole proprietorship unless the individual or proprietor is a resident of the state;

(2) a partnership unless each partner is a resident of the state;

(3) a limited liability company unless the limited liability company is qualified to do business in the state, and each member of the limited liability company is a resident of the state; or

(4) a corporation unless the corporation is incorporated or qualified to do business in the state, and each shareholder who owns the corporation's shares is a resident of the state.

(c) The board will issue each license for a specific location identified on the license as the licensed premises. A marijuana establishment must have a right to possession of a licensed premises at all times, and may not lease a licensed premises to another person for any reason. If a marijuana establishment wishes to reduce or expand the area of the licensed premises used for a marijuana establishment, the marijuana establishment shall submit a new line drawing showing the proposed changes to the premises, and shall obtain the written approval of the board. A marijuana establishment may not relocate its licensed premises to a different place. Any new premises proposed for a marijuana establishment requires a new marijuana establishment license application.

(d) The board will impose other conditions or restrictions on a license issued under this chapter when it finds that it is in the interests of the public to do so.

(e) In this section,

(1) "direct or indirect financial interest" means a legal or equitable interest in the operation of a business licensed under this title; "direct or indirect financial interest" does not include a person's right to receive

(A) rental charges on a graduated or percentage lease-rent agreement for real estate leased to a licensee; or

(B) a consulting fee from a licensee for services that are allowed under this chapter;

(2) "resident of the state" means a person who meets the residency requirement for an Alaska permanent fund dividend in the calendar year in which that person applies for a marijuana establishment license under this chapter. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.020. Application for new license. (a) An applicant for a new marijuana establishment license shall file an application as provided in 3 AAC 306.025, on a form the board prescribes, with the information and documents described in this section, along with the application fee and the annual license fee set out in 3 AAC 306.095, and the fingerprint cards and fees required by 3 AAC 306.050(b). The application must be initiated electronically; the completed application and fees may be filed electronically, or mailed or delivered to the director at the offices of the board.

(b) An application for a new marijuana establishment license must include:

(1) the name of the proposed licensee and any business name the licensee will

use for the proposed marijuana establishment, along with the Alaska business license and employer identification number (EIN) for the proposed marijuana establishment;

(2) the name, mailing address, phone number, and social security number of the applicant and each family member and affiliate of the applicant; unless the context indicates otherwise, all persons named in an application that complies with this section are “licensees” for all purposes in this chapter; the persons to be identified as applicants under this section include

(A) if the applicant is a partnership, including a limited partnership, the information required in this paragraph for each general partner, family member and affiliate of a general partner, and for each partner, family member and affiliate of each partner that holds any interest in the partnership;

(B) if the applicant is a limited liability company, the information required in this paragraph for the limited liability company’s registered agent, and for each member, family member, and affiliate of each member who holds any ownership interest; and

(C) if the applicant is a corporation, the information required in this paragraph for each corporate officer, family member, and affiliate of the corporate officer, and each stockholder, family member, and affiliate of a stockholder who owns any of the corporation’s stock;

(3) for each applicant that is not an individual, the applicable information as follows:

(A) for a partnership, including a limited partnership, the partnership agreement, the name of each general or managing partner, and a list of all partners with percentage of ownership of each partner;

(B) for a limited liability company, the LLC agreement, a list of all

members with percentage of ownership of each member;

(C) for a corporation, the certificate of incorporation, the name of each corporate officer, and a list of all shareholders with percentage of ownership of each shareholder;

(4) for each person listed in compliance with paragraph (2) of this subsection, a statement of financial interest on a form the board prescribes;

(5) for each applicant that is not an individual, the name of the individual listed in the application under paragraph (2) of this subsection who is responsible for

(A) management of the marijuana establishment; and

(B) compliance with all applicable laws;

(6) an electronic mail address at which the applicant agrees to receive any correspondence from the board before and after it receives a license; an applicant and a licensee must ensure that any electronic mail address provided to the board is current so that the board can contact the applicant or licensee at any time;

(7) the type of license the applicant is requesting;

(8) the address of the premises where the applicant intends to operate a marijuana establishment; and a detailed diagram of the proposed licensed premises; the diagram must show all entrances and boundaries of the premises, restricted access areas, and storage areas;

(9) the title, lease or other documentation showing the applicant's right to possession of the proposed licensed premises;

(10) an affidavit showing where and when the applicant posted notice of the application; and proof of advertising as required in 3 AAC 306.025(b); and

(11) additional information required by the board as follows:

(A) for a retail marijuana store, the information set out at 3 AAC 306.315;

(B) for a marijuana cultivation facility, the information set out at 3 AAC 306.4__;

(C) for a marijuana product manufacturing facility, the information set out at 3 AAC 306.5__; and

(D) for a marijuana testing facility, the information set out at 3 AAC 306.6__.

(c) A marijuana establishment license application must include the applicant's operating plan, in a format the board prescribes, describing the proposed marijuana establishment's plans for

- (1) security;
- (2) inventory tracking of all marijuana and marijuana product on the premises;
- (3) employee qualification and training;
- (4) waste disposal;
- (5) transportation and delivery of marijuana and marijuana products; and
- (6) signage and advertising.

(d) An application for a marijuana establishment license must be signed by

(1) the applicant, if the applicant is an individual;

(2) an authorized general partner if the applicant is a partnership, including a limited partnership;

(3) the registered agent or a member of the limited liability company if the applicant is a limited liability company; or

(4) the authorized officers of the corporation if the applicant is a corporation.

(e) Each person signing an application for a marijuana establishment license must

declare under penalty of perjury that

- (1) the application is true, correct and complete;
- (2) the applicant has read and is familiar with AS 17.38 and this chapter; and
- (3) the applicant will provide all information the board requires in support of the

application. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

Editor's note: Forms and instructions for filing an application for a marijuana establishment license can be obtained online at the Marijuana Control Board's website or at the board's office. The board's Internet address is <http://commerce.state.ak.us/dnn/abc/Home> and its office is at 550 West 7th Ave. Suite 1600, Anchorage, AK 99501. The board's telephone number is (907) 269-0350.

3 AAC 306.025. Application procedure. (a) An applicant shall initiate a new marijuana establishment license application on a form the board prescribes, using the board's electronic system.

(b) As soon as practical after initiating a new marijuana license application, the applicant shall give notice of the application to the public by

- (1) posting a true copy of the application for 10 days at
 - (A) the location of the proposed licensed premises; and
 - (B) one other conspicuous location in the area of the proposed premises;

and

- (2) by publishing an announcement once a week for three consecutive weeks in a

newspaper of general circulation in the area, or in areas where no newspaper circulates, twice a week for three successive weeks during triple A advertising time by announcements on a radio station serving the local area where the proposed licensee seeks to operate, stating

- (A) the name of the applicant and the transferee if applicable;
- (B) the name and location of the proposed premises;
- (C) the regulation citation and type of license applied for;
- (D) that any comment or objection may be submitted to the board; and
- (E) whether the application is for a new license or transfer of an existing

license to another person; and

(3) by submitting a true copy of the application to

- (A) the local government; and
- (B) any community council in the area of the proposed licensed premises.

(c) After the applicant completes the notice requirements in subsection (b) of the section and submits all remaining application requirements listed in 3 AAC 306.020, the applicant shall pay the application and licensing fees set out in 3 AAC 306.095. The applicant shall then use the board's electronic system to inform the board that the applicant has submitted a complete application.

(d) When the board receives an application for a marijuana establishment license, the board will determine if the application is complete. Any application for a marijuana establishment license that the board receives without the application fee is incomplete.

(e) When the board receives an incomplete application, the board may, in its discretion,

- (1) return the application in its entirety; or
- (2) request the applicant to provide additional items needed to complete the

application.

(f) When the board informs an applicant that its application is incomplete as provided in (e) of this section, the applicant has 90 days from the date of the board's notice to complete the application. If an applicant fails to complete its application within 90 days after the board's notice, the applicant shall file a new application and pay a new application fee to obtain a marijuana establishment license. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.030. Application for renewal of license. (a) On or before May 1 of each year, the director shall send notice that a marijuana establishment must file a renewal application no later than June 30 of the current year. The director shall send the notice to the marijuana establishment's electronic mailing address on file with the board. The notice will include online access to the electronic renewal application along with instructions on using and submitting the form. The marijuana establishment shall submit the completed renewal application electronically, along with the license renewal fee, to the director no later than June 30 of each year; if June 30 falls on a weekend, the deadline is extended to close of business on the first business day following June 30. Each marijuana establishment is responsible for maintaining a current electronic address on file with the board. A marijuana establishment is not excused from filing a renewal application as required in this section even if the marijuana establishment fails to receive a renewal notice from the director.

. (b) A marijuana establishment's renewal application must:

(1) identify the license sought to be renewed by license number, license type,

establishment name, and premises address;

(2) provide the information required for a new license application under 3 AAC 306.020(a) except that public notice of the application is not required;

(3) report any change from the marijuana establishment's new license application or last renewal application, and pay the \$250 fee as provided in 3 AAC 306.095 for board review of any change in

(A) the name of the marijuana establishment business;

(B) the licensed premises from the last diagram submitted; and

(C) the marijuana establishment's operating plan;

(4) report, for the licensee, if an individual, or each person listed in 3 AAC 306.020 if the licensee is a corporation, partnership, or limited liability company, a list of

(A) any criminal charge on which the person has been convicted in the previous two calendar years; and

(B) any civil violation of AS 04, AS 17.38, or this chapter in the previous two calendar years; and

(5) declare under penalty of perjury that

(A) the application is true, correct and complete;

(B) the applicant has read and is familiar with AS 17.38 and this chapter;

and

(C) the applicant will provide all information the board requires in support of the renewal application.

(c) The director may require an applicant for renewal of a license under this chapter to submit fingerprints and pay fees as required by 3 AAC 306.050(b).

(d) A licensee that does not deliver a renewal application to the director by June 30 of each year is delinquent, and must pay a non-refundable \$1000 late renewal application fee with the renewal application.

(e) On or before August 15 of each year, the director shall deliver a notice of expiration to each marijuana establishment that has not filed a complete application for renewal of a license, along with any applicable affidavit and the required fee, unless the marijuana establishment has notified the director that it does not intend to seek a renewal of its license. The notice of expiration will be delivered by electronic mail to the address the marijuana establishment has provided to the board. A marijuana establishment is not excused from filing a license renewal application no later than August 31 of each year even if the marijuana establishment does not receive the notice of expiration described in this section.

(f) If a marijuana establishment fails to deliver a complete license renewal application, or fails to pay the required renewal fee and the late renewal application fee by 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 return 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. The board will not issue a new license for the same premises to the holder of an expired license unless the expired license holder's new application contains proof satisfactory to the board of good cause for the failure to file a license renewal application. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.035. Ownership change to be reported. A licensed marijuana establishment must, within ten days after an ownership change as described in this section, report the change on a form prescribed by the board. An ownership change means

- (1) when the licensee is a partnership, including a limited partnership, any change in the identify of the partners, or in the ownership percentages held by any partners;
- (2) when the licensee is a limited liability company, any change in the identity of the members, or in the ownership percentage held by any member; or
- (3) when the licensee is a corporation, any sale of corporate stock to a person not currently an owner, or any change of the percentage ownership of an existing shareholder.

(b) When any change required to be reported under this section will result in a change in controlling interest of the licensee, the licensee must file an application for transfer of license to another person under 3 AAC 306.040. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.040. Application for transfer of a license to another person. (a) A person may not receive or transfer a marijuana establishment license or a controlling interest in a marijuana establishment license issued to a partnership, including a limited partnership, a limited liability organization, or a corporation, without applying for and receiving the written consent of the board. Transfer of a license includes a sale of all or part of the interest of an individual owner.

(b) An application for transfer of a marijuana establishment license, or of a controlling interest in a marijuana establishment license issued to a partnership, a limited liability

organization, or a corporation, must be filed in writing on a form the board prescribes, in compliance with the application procedure set out in 3 AAC 306.025. The application must name the current licensee and the proposed transferee, including all persons listed in 3 AAC 306.020 if the transferee is a partnership, limited liability company, or a corporation. The application must contain the following information:

(1) the same information about each transferee as is required of an applicant for a new license under 3 AAC 306.020;

(2) a statement, under oath, executed by the current licensee, listing all debts of the business, all taxes the business owes, current contact information for all creditors, and an affirmation that the current licensee has submitted a copy of the transfer application to all creditors; and

(3) any other information required by the board for the type of marijuana establishment license sought to be transferred.

(d) After the board receives a complete application for transfer of a license to another person, the board will, within 28 days, send written notice of the proposed transfer to each listed creditor of the current licensee, and the amount shown as owed to that creditor.

(e) A current marijuana establishment licensee must submit a license renewal application before or at the same time as an application for a transfer of a marijuana establishment license that is submitted between May 1 and June 30 of any year. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.045. Relocation of licensed premises not allowed. A marijuana

establishment license may not be relocated to any other premises. A marijuana establishment licensee that wishes to operate a marijuana establishment at a different location shall submit a new application for any new premises, and surrender an existing license for a premises where the marijuana establishment does not intend to continue its operation. (Eff. ___/___/____, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.050. Criminal justice information and records. (a) When filing an application for a new marijuana establishment license or transfer of a license, the applicant, including all persons listed in 3 AAC 306.020, must submit the person's fingerprints and the fees required by the Department of Public Safety under AS 12.62.160 for criminal justice information and a national criminal history record check.

(b) The board will submit the fingerprints to the Department of Public Safety to obtain a report of criminal justice information under AS 12.62 and a national criminal history record check under AS 12.62.400. The Department of Public Safety may submit the fingerprints to the Federal Bureau of Investigation for a national criminal history record check. The board will use the information obtained under this section to determine if an applicant is qualified for a marijuana establishment license.

(c) In this section, "criminal justice information" has the meaning given in AS 12.62.900. (Eff. ___/___/____, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100

AS 17.38.900

3 AAC 306.055. Protest by local government. (a) A local government may protest an application for a new license, renewal of a license, or transfer of a license to another person by sending the board and the applicant a written protest and the reasons for the protest within 60 days after the board sends notice of the application. The board will not accept a protest received after the 60-day period. If a local government protests an application for a new or renewal license or for a transfer of a license to another person, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable.

(c) A local government may recommend that an application for a new license, renewal of a license, or transfer of a license to another person be approved subject to a condition. The board will impose a condition recommended by a local government unless the board finds the recommended condition is arbitrary, capricious, and unreasonable. If the board imposes a condition a local government recommends, the local government shall, unless the board provides otherwise, assume responsibility for monitoring compliance with the condition.

(d) If a local government determines that a marijuana establishment has violated a provision of AS 17.38, this chapter, or a condition the board has imposed on the licensee, the local government may notify the board. Unless the board finds that the local government's notice is arbitrary, capricious, and unreasonable, the board will prepare the determination as an accusation against the licensee under AS 44.62.360 and conduct proceedings to resolve the matter as described under 3 AAC 306.8___. (*enforcement chapter, not yet written*) (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100

AS 17.38.900

3 AAC 306.060. Public participation. (a) Any person may object to an application for a new license, renewal of a license, or transfer of a license to another person by submitting a written statement of reasons for the objection to the board within 30 days after notice of the application, but no later than the deadline for objections stated in a posted or published notice of application. The objection must be served on the applicant at the street address of the licensed premises or proposed premises, or at the mailing address or electronic mail address provided in the notice of application. If the board determines to conduct a public hearing under this section, any interested person may give oral testimony at the public hearing.

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.065. Public hearing. (a) The board may, on its own initiative or in response to an objection or protest, hold a hearing to ascertain the reaction of the public or a local government to an application. The board will send notice of a hearing 20 days in advance of the hearing to each person that has filed an objection, to each local government that has filed a protest, to each community council in the area of the proposed premises, and to any nonprofit community organization that has requested notice. Any interested person may be heard at a hearing under this subsection. Unless the applicant and the board waive this requirement, the hearing will be held in the area for which the application is requested, or the board will arrange telephonic appearances.

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100

AS 17.38.900

3 AAC 306.070. Procedure for action on license application. (a) The board will decide whether to grant or deny an application within 90 days after receiving the complete application. However, the decision may not be made before the time allowed for objection under 3AAC 306.060 or protest under 3 AAC 306.055 has elapsed unless the local government waives its right to protest.

(b) At least 7 days before the date set for board action on an application for a new license, renewal of a license, or transfer of a license to another person, the board will post a meeting agenda listing the matters scheduled for action at that meeting. The board may review an application for a new license, renewal of a license, or transfer of a license to another person, without additional notice to the applicant.

(c) The board will consider any written objection, protest, suggested condition, or petition, and any testimony received at a public hearing when it considers the application, and will retain the written objection, protest, or suggested condition or petition, and the hearing record as part of the board's permanent record of its review of an application. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.075. Denial of license application. (a) After review of the application 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 306.040-3 AAC 306.070, or contains any false statement of material fact; or

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

(3) the license would not be in the interest of the public;

(4) the license would violate any restriction applicable to the particular license

under this chapter; or

(5) the license is prohibited under this chapter as a result of an ordinance or election conducted under AS 17.38.110, 3 AAC 306.200, and 3 AAC 306.230.

(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) that the license has been revoked for any cause;

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

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

(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; or

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

(d) If the board denies an application for a new license, renewal, or transfer, the board will, within 15 days, furnish a written notice of denial to the applicant, stating the reason for the denial in clear and concise language, and identifying any statute or regulation relevant to the denial. The notice of denial must inform the applicant of the right to an informal conference and a formal hearing as provided in 3 AAC 306.080 and 3 AAC 306.085. (Eff. ___/___/___, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.080. Informal conference. (a) An applicant for a new license, renewal of a license, or transfer of a license that is aggrieved by an action of the board denying the application may, within 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 will be held at a time and place convenient to the parties, but not later than the next scheduled meeting of the board. An informal conference may be conducted telephonically.

(b) If the informal conference does not resolve the matter to the applicant's satisfaction, the applicant may, within 15 days after the last day of the informal conference, seek a formal hearing under 3 AAC 306.085 by filing a notice of defense in compliance with AS 44.62.380(b). (Eff. ___/___/___, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100

AS 17.38.900

3 AAC 306.085. Formal hearing. An applicant for a new license, renewal of a license, or transfer of a license that is aggrieved by an action of the board denying the application may request a formal hearing by filing a notice of defense in compliance with AS 44.62.380(b) within 15 days after the date of the written notice of the denial, or as provided in 3 AAC 306.080(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.

(b) When an aggrieved person requests a hearing under the section, the Office of Administrative Hearings will conduct the hearing in compliance with due process, the Alaska Administrative Procedure Act, AS 44.62.330-44.62.630, and the applicable regulations adopted by the Office of Administrative Hearings at 2 AAD 64.100-2 AAC 64.990. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.090. Appeals. (a) An aggrieved applicant or licensee may appeal to the board regarding any action of an officer, employee, or agent of the board relating to the administration or enforcement of this chapter.

(b) An applicant or licensee aggrieved by a final decision of the board regarding an application for a new license, a license renewal, or a transfer of license to another person may appeal to the superior court under AS 44.62.560. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084

AS 17.38.087

AS 17.38.090

AS 17.38.100

AS 17.38.900

3 AAC 306.095. Fees, refund and forfeiture. (a) The non-refundable application fee for a new marijuana establishment license or an application to transfer a license to another person is \$1000.

(b) The non-refundable application fee for a license renewal application is \$600; in addition, a late renewal application fee is \$1000.

(c) The fee to request board approval of a change in business name, licensed premises diagram, or operating plan reported with a license renewal application is \$250.

(d) The annual license fee, to be paid with each application for a new marijuana establishment facility license and each license renewal application is

- (1) for a marijuana retailer license, \$5000;
- (2) for a limited marijuana cultivation facility license, \$1000;
- (3) for a marijuana cultivation facility license, \$5000;
- (4) for a marijuana cultivator's broker license, \$5000;
- (5) for a marijuana extract only manufacturing facility license, \$1000;
- (6) for a marijuana product manufacturing facility license, \$5000;
- (7) for a marijuana testing facility license, \$1000.

(e) If the board denies an application for a license or for renewal of a license, the board will refund the annual license fee. The board will not refund a license fee after the license has been issued.

(f) Processing fees for late renewal after failure to pay taxes are as follows:

- (1) if a licensee pays its delinquent tax after a local government protests renewal

of the license, but before the board denies license renewal, \$200;

(2) if a licensee pays its delinquent tax after appealing the board’s denial of a license renewal, but before a hearing officer is appointed to hear the applicant’s appeal, \$500;

(3) if a licensee pays its delinquent tax after appealing the board’s denial of a license renewal, but before the administrative hearing begins, \$5000; and

(4) if a licensee pays its delinquent tax after an administrative hearing that results in a hearing officer recommendation to deny the license renewal, \$10,000. (Eff. ___/___/___,

Register _____)

- Authority:** AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

Article 3. Marijuana Retail Stores.**Section**

- 300. Marijuana retail store license required
- 305. Marijuana retail store privileges
- 310. Acts prohibited at marijuana retail store
- 315. Application for marijuana retail store license
- 320. Restricted access area at marijuana retail store
- 325. Marijuana handler permit required
- 330. Identification requirement to prevent sale to person under the age of 21
- 335. Limit on quantity sold
- 340. Health and safety requirements for marijuana retail store
- 345. Testing required for marijuana sold at retail store
- 350. Restriction on the advertising of marijuana and marijuana products
- 355. Marijuana inventory tracking system

3 AAC 306.300. Marijuana retail store license required. A person may not sell, give, distribute, or deliver, or offer to sell, give, distribute, or deliver marijuana or any marijuana product to a consumer unless the person has obtained a marijuana retail store license from the board in compliance with this chapter, or is an employee or agent of a licensed marijuana retail store operating in compliance with this chapter. A person seeking a marijuana retail store license must

(1) submit an application for a marijuana retail store license on a form the board prescribes, including the information set out at 3 AAC 306.020 and 3 AAC 306.320;

(2) operate in compliance with the provisions of 3 AAC 306.300-3 AAC

306.355; and

(3) operate in compliance with the provisions of 3 AAC 306-700-3 AAC

306.760. Eff. ___/___/____, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.305. Marijuana retail store privileges. (a) A licensed marijuana retail store is authorized to carry out the activities listed in AS 17.38.070)(a). In AS 17.38.070)(a),

(1) “deliver” means “hand to a person who purchases the product on the licensed premises only; “deliver” does not mean transfer or transport to a consumer off the licensed premises;”

(2) “possess” means having physical possession or control over property;

(3) “transport” or “transfer” means to deliver between licensed marijuana establishments as provided in 3 AAC 306.745.

(b) A licensed marijuana retail store is authorized to

(1) sell marijuana purchased from a licensed marijuana cultivation facility, packaged and labeled as required under 3 AAC 306.4__, in an amount not exceeding the limits set out in 3 AAC 306.335 a day, to an individual on the licensed premises for consumption off the premises;

(2) sell a marijuana product purchased from a licensed marijuana product manufacturing facility, packaged and labeled as required under 3 AAC 306.4__, in an amount not exceeding the limits set out in 3 AAC 306.335, to an individual on the licensed premises for consumption off the premises;

(3) store marijuana and marijuana products in a restricted area on the licensed premises subject to the requirements of 3 AAC 306.720 and 3 AAC 306.725.

(c) This section does not prohibit a licensed retail store from refusing to sell marijuana or marijuana product to any customer. Eff. ___/___/____, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.310. Acts prohibited at marijuana retail store. (a) A licensed marijuana retail store may not sell, give, distribute, or deliver, or offer to sell, give, distribute, or deliver, marijuana or any marijuana product

- (1) to any person under the age of 21;
- (2) that is not labeled and packaged as required in 3 AAC 306.4__ or 3 AAC 306.5__;
- (3) in a quantity exceeding the limit set out in 3 AAC 306.335;
- (4) over the internet; a licensed marijuana retail store may only sell marijuana or marijuana product to a consumer who is physically present on the licensed premises;
- (5) after the expiration date shown on the label of the marijuana or marijuana product.

- (c) A licensed marijuana retail store may not
- (1) conduct any business on, or allow any person to access, the marijuana retail store's licensed premises between the hours of 12 midnight and 8:00 a.m. each day;
 - (2) allow any person to consume marijuana or any marijuana product on the marijuana retail store's licensed premises;

(3) offer or deliver to a consumer, as a marketing promotion or for any other reason:

(A) free marijuana or marijuana product, including a sample;

(B) marijuana or marijuana product at a price below the marijuana retail store’s acquisition cost; or

(C) a consumable product other than marijuana, including cigarettes, tobacco products, alcoholic or non-alcoholic beverages or food, free or for compensation.

(d) A marijuana retail store may not purchase any marijuana or marijuana product for resale without a certificate showing the tax due under AS 43.61.010 has been paid to the state.

Eff. ___/___/____, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.315. Application for marijuana retail store license. An applicant for a new marijuana retail store license shall file an application on a form the board prescribes including

(1) the information required under 3 AAC 306.020, including the applicant’s operating plan required under 3 AAC 306.020(c); and

(2) an addition to the applicant’s operating plan showing how marijuana and marijuana products at the retail store are to be displayed and sold. (Eff. ___/___/____, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100

AS 17.38.900

3 AAC 306.320. Restricted access area at marijuana retail store. (a) Each entry to a marijuana retail store must be posted with a sign that says “No one under 21 years of age allowed.” The sign must be not less than 12 inches long and 12 inches wide, with letters at least one half inch in height in high contrast to the background of the sign.

(b) An area of a marijuana retail store’s licensed premises where marijuana or any marijuana product is stocked for sale, or dispensed for sale is a restricted access area. The marijuana retail store must post signs, require identification, and escort visitors in compliance with 3 AAC 306.710. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.325. Marijuana handler permit required. A marijuana retail store shall ensure that

(1) each licensee, employee, or agent obtains a marijuana handler permit as provided in 3 AAC 306.715 before being licensed or employed at a marijuana retail store; and

(2) each licensee, employee, or agent has that person’s marijuana handler permit card in that person’s immediate possession when on the licensed premises of the marijuana retail store. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.330. Identification requirement to prevent sale to person under the age

of 21. (a) A licensed marijuana retail store shall refuse to sell marijuana or a marijuana product to any person who does not produce a form of valid identification showing that person is 21 years of age or older.

(b) A valid form of identification includes:

(1) an unexpired, unaltered passport;

(2) an unexpired, unaltered driver's license; instruction permit, or identification card of any state or territory of the United States, the District of Columbia, or any jurisdiction of Canada;

(3) an identification card issued by a federal or state agency authorized to issue a driver's license or identification card. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.335. Limit on quantity sold. (a) A licensed marijuana retail store shall not sell more than the following quantity of marijuana or marijuana product in a single transaction:

(1) one ounce of usable marijuana;

(2) sixteen ounces of marijuana-infused product in solid form;

(3) seven grams of marijuana-infused extract for inhalation, or

(4) seventy-two ounces of marijuana-infused product in liquid form. (Eff.

___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.340. Health and safety requirements for marijuana retail store. A

marijuana retail store must comply with applicable health and safety requirements set out in 3 AAC 306.730. Eff. ___/___/____, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.345. Testing required for marijuana sold at retail store. (a) A

marijuana retail store may not sell, give, distribute, or deliver, or offer to sell, give, distribute, or deliver, marijuana or any marijuana product until all quality assurance testing required in 3 AAC 306.6__ has been completed, and labels required in 3 AAC 306.4__ or 3AAC 306.5__ are affixed. Eff. ___/___/____, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.350. Restriction on the advertising of marijuana and marijuana

products. (a) A marijuana retail store may have one sign identifying the store by the marijuana retail store 's business name that is visible to the general public from the public right of way.

The sign may be in placed in the store's window or attached to the outside of the licensed premises. The size of the sign may not exceed sixteen hundred square inches.

(b) An advertisement for marijuana or marijuana product may not contain any statement, or illustration that

- (1) is false or misleading;
- (2) promotes excessive consumption;

(3) represents that the use of marijuana has curative or therapeutic effects;

(4) depicts a person under the age of 21 consuming marijuana; or

(5) includes an object or character, including a toy, a cartoon character, or any other depiction designed to be appealing to children or other persons under legal age, promoting consumption of marijuana.

(c) A marijuana retail store may not place an advertisement for marijuana or a marijuana product

(1) within one thousand feet of the perimeter of any child-centered facility, including a school, daycare or other facility providing services to children, a playground or recreation center, a public park, a library, or a game arcade that is open to persons under the age of 21;

(2) on or in a public transit vehicle or public transit shelter; or

(3) on or in a publicly owned or operated property.

(d) A marijuana retail store may not use giveaway coupons, or distribute branded merchandise as promotional materials, or conduct promotional activities such as games or competitions to encourage sale of marijuana or marijuana products.

(e) All advertising for marijuana or any marijuana product must contain the following warnings:

(a) "This product has intoxicating effects and may be habit forming;"

(b) "Marijuana can impair concentration, coordination, and judgment. Do not operate a vehicle or machinery under the influence of this drug;"

(c) "There may be health risks associated with consumption of this product;" and

(d) "For use only by adults twenty-one and older. Keep out of the reach of

children." Eff. ___/___/____, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.355. Marijuana inventory tracking system. (a) A marijuana retail store shall use an inventory tracking system as provided in 3 AAC 306.760 to ensure all marijuana and marijuana product in the store's possession is identified and tracked from the time the marijuana retail store receives any batch of marijuana or lot of marijuana product through the sale, transfer to another licensed marijuana establishment, or disposal of the batch of marijuana or lot of marijuana product.

(b) When any marijuana from a marijuana cultivation facility or marijuana product from a marijuana product manufacturing facility is delivered or transported to the licensed premises of a marijuana retail store, the store marijuana retail store shall immediately enter identification information for that batch of marijuana or lot of marijuana product into the inventory tracking system. A marijuana retail store may not accept any marijuana or marijuana product that does not have a valid transport manifest generated from the inventory tracking system.

(c) A marijuana retail store shall reconcile each transaction from the store's point of sale system and current inventory to its inventory tracking system at the close of business each day.

(d) A marijuana retail store shall account for any variance in the quantity of marijuana or marijuana product the store received and the quantity the store sold, transferred or disposed of.

(Eff. ___/___/____, Register _____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100

AS 17.38.900

Article 7. Operating Requirements for All Marijuana Establishments.

Section

- 700. Licensed premises, alteration
- 705. Inspection of licensed premises
- 710. Restricted access areas
- 715. Marijuana handler permit
- 720. Security alarm systems and lock standards
- 725. Video surveillance
- 730. Health and safety standards
- 735. Waste disposal
- 740. Certified scales
- 745. Transportation
- 750. Insurance
- 755. Business records
- 760. Marijuana inventory tracking system

3 AAC 306.700. Licensed premises, alteration. (a) A marijuana establishment license will be issued for a specific licensed premises, which is a place clearly designated in a license application and described by a line drawing submitted with the license application. A 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.

(b) A marijuana establishment's license must be posted in a conspicuous place within the licensed premises.

(c) A licensee may not change or modify the licensed premises without the written approval of the board. A licensee seeking to change or modify the licensed premises shall pay the fees set out in 3 AAC 306.360 and submit a request for approval of the change on a form prescribed by the board, along with

- (1) a drawing showing the proposed change;
- (2) evidence that the proposed change conforms to any local restrictions; and
- (3) evidence that the licensee has obtained any applicable local building permit.

(Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.705. Inspection of licensed premises. (a) A marijuana establishment or an applicant for a marijuana establishment license under this chapter shall, upon request, make the licensed premises or the proposed licensed premises, including any place for storage, available for inspection by an officer charged with the enforcement of this chapter. An officer charged with enforcement of this chapter include a member of the board and the director or an employee of the director. The board may also specifically request an inspection of licensed premises or proposed licensed premises by a local fire protection agency or any other state agency with health and safety responsibilities.

(b) Inspection under this section includes inspection of the premises, facilities, qualifications of personnel, methods of operation, business and financial records, marijuana

inventory tracking system, policies and purposes of any marijuana establishment and of any applicant for a marijuana establishment license. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.085 AS 17.38.087 AS 17.38.090
AS 17.38.100 AS 17.38.900

3 AAC 306.710. Restricted access areas. (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, displayed, or sold.

(b) Except as provided in 3 AAC 306.320 for a marijuana retail store, each entrance to a restricted access area must be marked by a sign that says “Restricted access area. Visitors must be escorted.” A marijuana establishment shall limit the number of visitors to not more than five visitors for each licensee, employee, or agent of the licensee who is actively engaged in supervising those visitors.

(c) In a restricted access area, the licensee, any employee, and any agent shall wear a current identification badge bearing the person’s photograph. A person under the age of 21 may not enter any restricted access area. Any visitor to the restricted area must

(1) show identification as required in 3 AAC 306.330 to prove that person is not under the age of 21;

(2) obtain a visitor identification badge before entering the restricted access area;
and

(3) be escorted at all times by the licensee, an employee, or an agent of the licensee. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084

AS 17.38.087

AS 17.38.090

AS 17.38.100

AS 17.38.900

3 AAC 306.715. Marijuana handler permit. (a) A marijuana establishment and each licensee, employee or agent of the marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana or a marijuana product, or who checks the identification of a patron or visitor, shall obtain a marijuana handler permit from the board before being licensed or beginning employment at a marijuana establishment.

(b) To obtain a marijuana handler permit, a person shall complete a marijuana handler permit education course approved by the board, pass a written test demonstrating an understanding of the course subject, and obtain a certificate of course completion from the course provider. An approved marijuana handler permit education course must cover at least the following topics:

- (1) AS 17.37, AS 17.38, and this chapter;
- (2) the effects of marijuana consumption;
- (3) how to identify a person impaired by consumption of marijuana;
- (3) how to determine valid identification;
- (4) how to intervene to prevent unlawful marijuana consumption; and
- (5) the penalty for an unlawful act by a licensee, an employee or an agent of a marijuana establishment.

(c) To obtain a marijuana handler permit, a person who has completed the marijuana handler permit course required under (a) of this section shall present the course completion certificate, along with a person of interest report obtained from the Department of Public Safety, to the director. The director shall issue a marijuana handler permit card valid for three years

from the date of issue. A person may renew a card issued under this section by passing a written test demonstrating an understanding of the course subjects.

(d) A licensee, employee, or agent of a marijuana establishment shall keep the marijuana handler permit card described in (c) of this section on the licensed premises during working hours.

(e) The board will review an approved marijuana handler permit education course at least once every three years, and may rescind approval of the course if the board finds that the education course contents are insufficient or inaccurate. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.720. Security systems and lock standards. (a) Each licensee, employee, or agent of a marijuana establishment shall display an identification badge issued by the licensed employer at all times when on the marijuana establishment's licensed premises.

(b) The licensed premises of a marijuana establishment must have

- (1) exterior lighting to facilitate surveillance;
- (2) a security alarm system on all exterior doors and windows; and
- (3) continuous video monitoring as provided in 3 AAC 306.725.

(c) A marijuana establishment shall have policies and procedures that

- (1) are designed to prevent diversion of marijuana or marijuana product;
- (2) prevent loitering;
- (3) describe the use of any additional security devices, such as motion detectors, pressure switches, and duress, panic, or hold-up alarms to enhance security of its licensed

premises; and

(4) describe the actions to be taken by a licensee, employee, or agent of the marijuana establishment when any automatic or electronic notification system alerts any local law enforcement agency of an unauthorized breach of security.

(d) A marijuana establishment must use commercial grade, non-residential door locks on all exterior entry points to the licensed premises. Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084

AS 17.38.087 AS 17.38.090 AS 17.38.100

AS 17.38.900

3 AAC 306.725. Video surveillance. (a) A marijuana establishment shall install and maintain a video surveillance and camera recording system as provided in this section. The video system must cover

(1) each restricted access area and each entrance to a restricted access area within the licensed premises;

(2) each entrance to the exterior of the licensed premises;

(3) each point-of-sale (POS) area.

(b) At any marijuana establishment, any video camera must be placed in a way that produces a clear view adequate to identify any individual inside the licensed premises, or within 20 feet of each entrance to the licensed premises. Both the interior and the exterior of each entrance to the facility must be recorded by a video camera.

(c) Any area where marijuana is grown, cured, or manufactured, or marijuana waste is destroyed, must have a camera placement in the room facing the primary entry door, and in adequate fixed positions, at a height which will provide a clear, unobstructed view of the regular

activity without a sight blockage from lighting hoods, fixtures, or other equipment, allowing for the clear and certain identification of any person and activity in the area at all times.

(d) Surveillance recording equipment and video surveillance records must be housed in a locked and secure area or in a lock box, cabinet, closet or other secure area that is accessible only to a marijuana establishment licensee or authorized employee, and to law enforcement personnel including an agent of the board. A marijuana establishment may use an offsite monitoring service and offsite storage of video surveillance records as long as security requirements at the offsite facility are at least as strict as onsite security requirements as described in this section.

(e) Each surveillance recording must be preserved for a minimum of 40 days, in a format that can be easily accessed for viewing. All recorded images must clearly and accurately display the time and date, and must be archived in a format that does not permit alteration of the recorded image, so that the images can readily be authenticated. After 40 days, a marijuana establishment may erase video recordings, unless the licensee knows or should know of any pending criminal, civil, or administrative investigation for which the video recording may contain relevant information. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.085 AS 17.38.087 AS 17.38.090
 AS 17.38.100 AS 17.38.900

3 AAC 306.730. Health and safety standards. (a) A marijuana establishment is subject to inspection by the local fire department, building inspector, or code enforcement officer to confirm that no health or safety concerns are present.

(b) A marijuana establishment shall take all reasonable measures and precautions to ensure that

(1) any person who has an illness, an open sore or infected wound, or other potential source of infection may not come in contact with marijuana or a marijuana product while the illness or source of infection persists;

(2) the licensed premises have

(A) adequate and readily accessible toilet facilities that are maintained in good repair and sanitary condition; and

(B) convenient hand-washing facilities with running water at a suitable temperature; the marijuana establishment shall require employees to wash or sanitize their hands, and must provide effective hand-cleaning, sanitizing preparations, and drying devices;

(3) each person working in direct contact with marijuana or a marijuana product shall conform to good hygienic practices while on duty, including

(A) maintaining adequate personal cleanliness; and

(B) washing hands thoroughly in an adequate hand-washing area before starting work, after using toilet facilities, and at any other time when the person's hands may have become soiled or contaminated;

(4) litter, waste, and rubbish are properly removed; the waste disposal equipment must be maintained and adequate to

(A) avoid contaminating any area where marijuana or any marijuana product is stored, displayed, or sold; and

(B) prevent causing odors or attracting pests;

(5) floors, walls, and ceilings must be constructed to allow adequate cleaning, and must be kept clean and in good repair;

(6) adequate lighting is installed in any area where marijuana or a marijuana

product is stored, displayed, or sold, and where any equipment or utensil is cleaned;

(7) screening or other protection adequately protects against the entry of pests;

(8) any building, fixture, and other facility is maintained in sanitary condition;

(9) any toxic cleaning compound, sanitizing agent, and pesticide chemical must be identified and stored in a safe manner to protect against contamination of marijuana or marijuana product and in compliance with any applicable local, state, or federal law;

(10) adequate sanitation principles are used in any receiving, inspecting, transporting, and storing of marijuana or marijuana product; and

(11) any marijuana or marijuana product must be held in a manner that prevents the growth of bacteria, microbes, or other undesirable microorganisms.

(c) A marijuana establishment shall ensure that any marijuana or marijuana product that has been stored beyond its usable life, or was stored improperly, is not salvaged and returned to the marketplace; in this section, “stored improperly” means being exposed to extremes in temperature, humidity, smoke, fumes, pressure, or radiation due to a natural disaster, fire, accident, or equipment failure.

(d) If a marijuana establishment does not have reliable information about the age or storage conditions of marijuana or a marijuana product in its possession, the marijuana establishment may salvage the marijuana only if:

(1) a licensed marijuana testing facility determines from quality assurance tests that the marijuana or marijuana product meets all applicable standards of moisture, potency, and contaminants;

(2) inspection of the premises where a disaster or accident occurred shows that the marijuana or marijuana product stored there was not adversely affected by the disaster or

accident; and

(3) the marijuana establishment maintains a record of the salvaged marijuana or marijuana product in its marijuana inventory tracking system, including the name, lot number and final disposition. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.735. Waste disposal. (a) A marijuana establishment shall store, manage, and dispose of any solid or liquid waste, including wastewater generated during marijuana cultivation production, processing, testing, or retail sales, in compliance with applicable federal, state, and local laws and regulations.

(b) Marijuana waste must be rendered unusable for any purpose for which it was grown or produced before it leaves a marijuana establishment. Marijuana waste includes:

- (1) marijuana plant waste, including roots, stalks, leaves, and stems that have not been processed with solvent;
- (2) solid marijuana sample plant waste in the possession of a marijuana testing facility; and
- (3) other waste as determined by the board.

(c) A marijuana establishment must

- (1) give the board at least 3 days notice in the marijuana inventory tracking system required under 3 AAC 306.760 before making the waste unusable and disposing of it; and
- (2) keep a record of the final destination of marijuana waste made unusable.

(d) Marijuana plant waste must be made unusable by grinding the marijuana plant waste

and mixing it with at least an equal amount of other compostable or non-compostable materials.

A marijuana establishment may use other methods to make marijuana waste unusable if the board approves the method in advance. Material that may be mixed with the marijuana waste includes

(1) compostable materials including food waste, yard waste, vegetable based grease or oils, or other wastes approved by the board when the mixed material can be used as compost feedstock or in another organic waste method such as an anaerobic digester with approval of the applicable local health department; or

(2) non-compostable materials including paper waste, cardboard waste, plastic waste, oil, or other wastes approved by the board when the mixed material may be delivered to a permitted solid waste facility, incinerator, or other facility with approval of the applicable local health department. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.740. Certified scales. A marijuana establishment shall have on its licensed premises at least one scale certified in accordance with measurement standards established in AS 45.75.010- AS 45.75.400, the Alaska Weights and Measures Act. A marijuana establishment shall

(1) maintain documentation of the certified scale; and

(2) upon request by an agent or employee of the board, provide a copy of documentation of the certified scale to the board for review. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084

AS 17.38.087

AS 17.38.090

AS 17.38.100

AS 17.38.900

3 AAC 306.745. Transportation. (a) A licensed marijuana establishment shall transport marijuana as follows:

(1) a marijuana cultivation facility may transport marijuana to a marijuana cultivator's broker, another marijuana cultivation facility, a marijuana product manufacturing facility, a marijuana testing facility, or a marijuana retail store;

(2) a marijuana broker may transport marijuana to the broker's own storage area, a marijuana product manufacturing facility, a marijuana testing facility, or a marijuana retail store;

(3) a marijuana product manufacturing facility may transport a marijuana product to another marijuana product manufacturing facility, a marijuana testing facility, or a marijuana retail store;

(4) a marijuana testing facility may transport marijuana or a marijuana product to the facility from which it received the marijuana or another marijuana testing facility; and

(5) a marijuana retail store may transport marijuana or a marijuana product to another marijuana retail store.

(b) A marijuana establishment from which a shipment of marijuana or marijuana product originates is responsible for preparing, packaging, and securing the marijuana or marijuana product during shipment, for recording the transfer in the marijuana inventory tracking system, and for preparing the transport manifest. Any individual transporting marijuana in compliance with this section shall have a marijuana handler permit required under 3 AAC 306.715.

(c) When any marijuana or marijuana product is transported, the marijuana establishment

that originates the transport shall use the marijuana tracking system to record the type, amount and weight of marijuana or marijuana product being transported, the name of the transporter, the time of departure and expected delivery, and the make, model and license plate number of the transporting vehicle. A complete printed transport manifest on a form prescribed by the board must be kept with the marijuana or marijuana product at all times.

(d) During transport, any marijuana or marijuana product must be in a sealed package or container in a locked, safe and secure storage compartment that is fastened to the inside compartment of the vehicle transporting the marijuana or marijuana product. The sealed package may not be opened during transport. Any vehicle transporting marijuana or marijuana product must travel directly from the shipping marijuana establishment to the receiving marijuana establishment, and must not make any unnecessary stops in between except to deliver or pick up marijuana or marijuana product at any other licensed marijuana establishment.

(e) When a marijuana establishment receives marijuana or a marijuana product transported in compliance with this section, the recipient of the shipment shall use the marijuana inventory tracking system to report the type, amount, and weight of marijuana or marijuana product received. The licensed recipient shall refuse to accept any shipment of marijuana or marijuana product that is not accompanied by the transport manifest.

(f) A marijuana establishment must keep records of all marijuana or marijuana product shipped from or received at that marijuana establishment for a minimum of three years. (Eff. ___/___/___, Register ___)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900

3 AAC 306.750. Insurance. (a) A marijuana establishment shall at all times maintain commercial general liability insurance coverage, and if necessary, commercial umbrella and excess insurance, to protect any consumer from bodily injury and property damage arising from activities of the marijuana establishment, including any negligent or intentional act or omission of its licensee, employee, or agent. An insurance policy obtained to meet the requirement of this section, including any general liability, umbrella, and excess insurance policy, must provide aggregate coverage of not less than one million dollars.

(b) The insurance required in this section must be obtained from an insurance company authorized to do business in the state, and in compliance with all applicable provisions of AS 21.

(c) A marijuana establishment shall furnish a certificate of insurance satisfactory to the board with a new marijuana license application, a license renewal application, and at any time upon request of the board. The board may deny, suspend or revoke the marijuana establishment license of any marijuana establishment that fails to provide proof of the insurance coverage required under this section. (Eff. ___/___/____, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
 AS 17.38.087 AS 17.38.090 AS 17.38.100
 AS 17.38.900

3 AAC 306.755. Business records. (a) A marijuana establishment shall maintain, in a format that is readily understood by a reasonably prudent business person, the following information:

(1) all books and records necessary to fully account for the business transactions conducted under its license for the current year and three preceding calendar years; records for the last six months must be maintained on the marijuana establishment's licensed premises;

older records may be archived on or off premises;

(2) a current employee list setting out the full name and marijuana handler permit number of each licensee, employee, and agent who works at the marijuana establishment;

(3) the business contact information for vendors that maintain video surveillance systems and security alarm systems for the licensed premises;

(4) records related to advertising and marketing;

(5) a current diagram of the licensed premises including each restricted access area;

(6) a log recording the name, and date and time of entry of each visitor permitted in a restricted access area;

(7) all records normally retained for tax purposes;

(8) accurate and comprehensive inventory tracking records that account for all marijuana inventory activity from seed or immature plant stage until the retail marijuana or retail marijuana product is sold to a consumer, to another marijuana establishment, or destroyed; and

(9) transportation records for marijuana and marijuana product as required under 3 AAC 306.745(e).

(b) A marijuana establishment shall provide any record required to be kept on the licensed premises to an employee of the board upon request. Any record kept off premises must be provided to the board's employees within three business days after a request for the record.

(c) A marijuana establishment is required to exercise due diligence in preserving and maintaining all required records. Loss of records and data, including electronically maintained records, will not be considered an excuse for a violation of this rule. Failure to retain records required under this section may be interpreted by the board as a license violation affecting public

safety. (Eff. ___/___/___, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.085 AS 17.38.087 AS 17.38.090
AS 17.38.100 AS 17.38.900

3 AAC 306.760. Marijuana inventory tracking system. (a) A marijuana establishment shall use an inventory tracking system capable of sharing information with the system implemented by the board to ensure all marijuana cultivated and sold in the state, and each marijuana product processed and sold in the state, is identified and tracked from the time the marijuana is propagated from seed or cutting, through transfer to another licensed marijuana establishment, or use in manufacturing a product, to a completed sale of marijuana or marijuana product, or disposal of the batch or lot of marijuana or marijuana product.

(b) All marijuana delivered to a marijuana establishment must be weighed on a scale certified in compliance with 3 AAC 306.740. (Eff. ___/___/___, Register ____)

(Eff. ___/___/___, Register ____)

Authority: AS 17.38.010 AS 17.38.070 AS 17.38.084
AS 17.38.087 AS 17.38.090 AS 17.38.100
AS 17.38.900