

(Words in **boldface and underlined** indicate language being added; words [CAPITALIZED AND BRACKETED] indicate language being deleted.)

3 AAC 306.015(a) is amended to read:

(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, to a corporation, or to a local government. A person other than a licensee may not have a direct or indirect financial interest, **ownership interest, or controlling interest** in the business for which a marijuana establishment license is issued.

3 AAC 306.015(e) is repealed and readopted to read:

(e) In this section,

(1) "direct or indirect financial interest" means

(A) having a financial interest in the business of \$20,000 or more;

(B) having an interest in the business such that the performance of the business causes, or could reasonably be anticipated to cause, financial benefit or hardship

(C) lending money, real property or personal property to a licensee for the use in the business;

(D) giving money, real property or personal property to a licensee for use in the business; or

(E) being the spouse or cohabitant of a licensee;

(2) notwithstanding (1) above, "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) consulting fee from a licensee for services that are allowed under this chapter;

(3) “resident of the state” means a person who currently meets the residency requirement under AS 43.23 for a permanent fund dividend.

Authority:	AS 17.38.010	AS 17.38.150	AS 17.38.200
	AS 17.38.070	AS 17.38.190	AS 17.38.900
	AS 17.38.121		

3 AAC 306.020(b)(4) is amended to read:

(4) for each person listed in compliance with (2) of this subsection, a statement of financial interest on a form the board prescribes **and financial history information required by the board;**

3 AAC 306.990(b) (14) is amended read:

(14) “controlling interest” means ownership or control of

(A) 50 percent or more of the ownership interest or voting shares of **an entity** [A CORPORATION]; or

(B) less than 50 percent if a person and family members jointly exert actual control as demonstrated by

(i) making decisions for the **entity** [CORPORATION] without independent participation of other owners;

(ii) exercising day-to-day control over the entity's

[CORPORATION'S] affairs;

(iii) disregarding formal legal requirements;

(iv) using entity [CORPORATION] funds for personal expenses or investments, or intermingling entity [CORPORATION] finances with personal finances; or

(v) taking other actions that indicate the entity [CORPORATION] is a mere instrumentality of the individual;

3 AAC 306.990(b) is amended to add a new paragraph to read:

(31) "ownership interest" is indicated by the following behaviors, benefits, or obligations:

(A) Any person or legal entity, other than an employee or agent acting under the direction of the owner, that exercises control over, or is entitled to exercise control over, the business;

(B) Any person or legal entity, other than an employee or agent acting under the direction of the owner, that incurs, or is entitled to incur, debt or similar obligations on behalf of the business;

(C) Any person or legal entity, other than an employee or agent acting under the direction of the owner, that enters into, or is entitled to enter into, a contract or similar obligations on behalf of the business; or

(D) Any person or legal entity identified as the lessee of the premises proposed to be licensed.

3 AAC 306.015(b) is amended to read:

(b): The board will not issue **a new license or transfer** 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 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 is a resident of the state.

Authority:	AS 17.38.010	AS 17.38.150	AS 17.38.200
	AS 17.38.070	AS 17.38.190	AS 17.38.900
	AS 17.38.121		