

Kevin Meyer
Lieutenant Governor
State Capitol
Juneau, Alaska 99811
907.465.3520
WWW.LTGOV.ALASKA.GOV



530 West 7th Ave, Suite 1700
Anchorage, Alaska 99501
907.269.7460
LT.GOVERNOR@ALASKA.GOV

**OFFICE OF THE LIEUTENANT GOVERNOR
ALASKA**

M E M O R A N D U M

TO: Debbie Morgan
Department of Commerce, Community and Economic Development

FROM: April Simpson, Office of the Lieutenant Governor *AS*
465.4081

DATE: April 1, 2019

RE: Filed Permanent Regulations: Marijuana Control Board

Marijuana Control Board regulations re: marijuana establishment facility license fees (3 AAC 306.100(d))

Attorney General File:	2019200012
Regulation Filed:	4/1/2019
Effective Date:	5/1/2019
Print:	230, July 2019

cc with enclosures: Linda Miller, Department of Law
Judy Herndon, LexisNexis

ORDER CERTIFYING THE CHANGES TO
REGULATIONS OF MARIJUANA CONTROL BOARD

The attached single page of regulations, dealing with marijuana license fees, is certified to be a correct copy of the regulation changes that the Marijuana Control Board adopted at its February 21, 2019 meeting, under the authority of AS 17.38.121 and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.

This action is not expected to require an increased appropriation.

On the record, in considering public comments, the Marijuana Control Board paid special attention to the cost to private persons of the regulatory action being taken.

The regulation changes described in this order take effect on the 30th day after they have been filed by the lieutenant governor as provided in AS 44.62.180.

Date: 3/15/19

Erika McConnell

Erika McConnell, Director
Marijuana Control Board

FILING CERTIFICATION

I, Kevin Meyer, Lieutenant Governor for the State of Alaska, certify that on

April 1st, 2019 at 11:09 Am., I filed the attached regulations according to the provisions of AS 44.62.040 - 44.62.120.

Kevin Meyer

Lieutenant Governor

Effective: May 1, 2019.

Register: 230, July 2019

3 AAC 306.100(d) is amended to read:

(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 new retail marijuana store license, \$5,000, and for a renewed retail marijuana store license, \$7,000;

(2) for a new limited marijuana cultivation facility license, \$1,000, and for a renewed limited marijuana cultivation facility license, \$1,400;

(3) for a new marijuana cultivation facility license, \$5,000, and for a renewed marijuana cultivation facility license, \$7,000;

(4) for a new marijuana concentrate manufacturing facility license, \$1,000, and for a renewed marijuana concentrate manufacturing facility license, \$2,000;

(5) for a new marijuana product manufacturing facility license, \$5,000, and for a renewed marijuana product manufacturing facility license, \$7,000;

(6) for a new marijuana testing facility license, \$1,000, and for a renewed marijuana testing facility license, \$2,000;

(Eff. 2/21/2016, Register 217; am 7/19/2017, Register 223; am 8/11/2018, Register 227; am 5/1/2019, Register 230)

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

(7) for an onsite consumption endorsement to a retail marijuana store license, \$2,000.

MEMORANDUM

State of Alaska Department of Law

To: The Honorable Kevin Meyer
Lieutenant Governor

Date: March 22, 2019

File No.: 2019200012

Thru: Susan R. Pollard *SRP*
Chief Assistant Attorney General
and Regulations Attorney
Legislation and Regulations Section

Tel. No.: 465-3600

From: Steven C. Weaver *SCW*
Senior Assistant Attorney General
and Assistant Regulations Attorney
Legislation and Regulations Section

Re: Marijuana Control Board regulations
re: marijuana establishment facility
license fees (3 AAC 306.100(d))

The Department of Law has reviewed the attached regulations of the Marijuana Control Board against the statutory standards of the Administrative Procedure Act. Based upon our review, we find no legal problems. This memorandum constitutes the written statement of approval under AS 44.62.060(b) and (c) that authorizes your office to file the attached regulations. The regulations were adopted by the Marijuana Control Board after the close of the public comment period. The regulations concern fees for marijuana establishment facility licenses, particularly fees for renewed licenses.

The January 3, 2019 public notice and the March 15, 2019 certification of adoption order both state that this action is not expected to require an increased appropriation. Therefore, a fiscal note under AS 44.62.195 is not required.

We have made some technical corrections to conform the regulations in accordance with AS 44.62.125. The corrections are shown on the attached copy of the regulations.

SCW

cc: Honorable Julie Anderson, Commissioner
Department of Commerce, Community, and Economic Development

Erika McConnell, Director
Marijuana Control Board
Department of Commerce, Community, and Economic Development

Debbie Morgan, Regulations Contact
Department of Commerce, Community, and Economic Development

Jedediah Smith
Alcohol and Marijuana Control Office
Department of Commerce, Community, and Economic Development

Harriet Dinegar-Milks, Senior Assistant Attorney General
Commercial, Fair Business, and Child Support Section

NOTICE OF PROPOSED CHANGES TO LICENSE FEES
IN THE REGULATIONS OF MARIJUANA CONTROL BOARD

The Marijuana Control Board proposes to adopt regulation changes in 3 AAC 306 of the Alaska Administrative Code, dealing with increasing license fees, including the following:

3 AAC 306.100 is proposed to increase new and renewal license fees for retail marijuana stores, limited and full cultivation facilities, concentrate manufacturers, product manufacturers and marijuana testing facilities.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to the Alcohol and Marijuana Control Office at 550 West 7th Avenue, Suite 1600, Anchorage AK 99501. Additionally, the Marijuana Control Board will accept comments by electronic mail at amco.regs@alaska.gov. Comments may also be submitted through the Alaska Online Public Notice System by accessing this notice on the system and using the comment link. The comments must be received not later than 4:30 p.m. on February 8, 2019.

You may submit written questions relevant to the proposed action to the Alcohol and Marijuana Control Office at 550 West 7th Avenue, Suite 1600, Anchorage, AK 99501 or to amco.regs@alaska.gov. The questions must be received at least 10 days before the end of the public comment period. The Alcohol and Marijuana Control Office will aggregate its response to substantially similar questions and make the questions and responses available on the Alaska Online Public Notice System and AMCO website.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact the Alcohol and Marijuana Control Office at amco.regs@alaska.gov or (907) 265-0350 not later than January 28, 2019, to ensure that any necessary accommodation can be provided.

A copy of the proposed regulation changes is available on the Alaska Online Public Notice System and by contacting the Alcohol and Marijuana Control Office at amco.regs@alaska.gov or (907) 265-0350.

After the public comment period ends, the Marijuana Control Board will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulation may be different from that of the proposed regulation. You should comment during the time allowed if your interests could be affected. Written comments received are public records and are subject to public inspection.

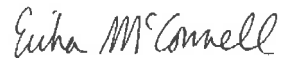
Statutory authority: AS 17.38.010; AS 17.38.070; AS 17.38.121; AS 17.37.150; AS 17.38.190; AS 17.38.200; AS 17.38.900

Statutes being implemented, interpreted, or made specific: AS 17.38.200

Fiscal information: The proposed regulation changes are not expected to require an increased appropriation.

The Alcohol and Marijuana Control Office keeps a list of individuals and organizations interested in its regulations. Those on the list will automatically be sent a copy of all of the Marijuana Control Board notices of proposed regulation changes. To be added to or removed from the list, send a request to the Alcohol and Marijuana Control Office at 550 West 7th Avenue, Suite 1600, Anchorage, Alaska 99501, giving your name, and either your e-mail address or mailing address, as you prefer for receiving notices.

Date: December 31, 2018



Erika McConnell, Director

ADDITIONAL REGULATION NOTICE INFORMATION
(AS 44.62.190(d))

1. Adopting agency: Marijuana Control Board
2. General subject of regulation: Marijuana License Fees
3. Citation of regulation (may be grouped): 3 AAC 306.100(d)
4. Department of Law file number, if any: 2019200012

5. Reason for the proposed action:

- () Compliance with federal law or action (identify): _____
- () Compliance with new or changed state statute
- () Compliance with federal or state court decision (identify): _____
- (x) Development of program standards
- () Other (identify): _____

6. Appropriation/Allocation: None

7. Estimated annual cost to comply with the proposed action to:

A private person: An additional \$1,000-\$2,000 depending on license type.

Another state agency: None

A municipality: None

8. Cost of implementation to the state agency and available funding (in thousands of dollars):

	Initial Year FY 2019	Subsequent Years
Operating Cost	\$ <u>0</u>	\$ <u>0</u>
Capital Cost	\$ <u>0</u>	\$ <u>0</u>
1002 Federal receipts	\$ <u>0</u>	\$ <u>0</u>
1003 General fund match	\$ <u>0</u>	\$ <u>0</u>
1004 General fund	\$ <u>0</u>	\$ <u>0</u>
1005 General fund/ program	\$ <u>0</u>	\$ <u>0</u>
Other (identify)	\$ <u>0</u>	\$ <u>0</u>

9. The name of the contact person for the regulation:

Name: Jedediah Smith
Title: Local Government Specialist
Address: 550 West 7th Ave. Suite 1600, Anchorage, AK 99501
Telephone: (907) 334-2195
E-mail address: Jedediah.smith@alaska.gov

10. The origin of the proposed action:

☐ Staff of state agency
☐ Federal government
☐ General public
☐ Petition for regulation change⁷
☒ Other (identify): Marijuana Control Board

11. Date: December 31, 2018

Prepared by: 

Name (printed): Jedediah Smith
Title (printed): Local Government Specialist
Telephone: (907) 334-2195

AFFIDAVIT OF NOTICE OF PROPOSED REGULATION
AND FURNISHING OF ADDITIONAL INFORMATION

I, Erika McConnell, Director of the Marijuana Control Board, being sworn, state the following:

As required by AS 44.62.190, notice of the proposed adoption of changes to 3 AAC 306.100, regarding marijuana license fees, has been given by being

- (1) published in a newspaper or trade publication;
- (2) furnished to every person who has filed a request for notice of proposed action with the state agency;
- (3) furnished to appropriate state officials;
- (4) furnished to interested persons;
- (5) furnished to the Department of Law, along with a copy of the proposed regulation;
- (6) furnished electronically to incumbent State of Alaska legislators;
- (7) posted on the Alaska Online Public Notice System as required by AS 44.62.175(a)(1) and (b) and 44.62.190(a)(1).

As required by AS 44.62.190, additional regulation notice information regarding the proposed adoption of the regulation changes described above has been furnished to interested persons and those in (2), (4) and (6) of the list above. The additional regulation notice information also has been posted on the Alaska Online Public Notice System.

Date: 2/26/19

Erika McConnell

Erika McConnell, Director
Marijuana Control Board

Subscribed and sworn to before me at Anchorage, Alaska on
2/26/19
(date)



[Signature]
Notary Public in and for the State of Alaska

AFFIDAVIT OF AGENCY RECORD OF PUBLIC COMMENT

I, Erika McConnell, Director of the Marijuana Control Board, being duly sworn, state the following:

In compliance with AS 44.62.215, the Marijuana Control Board has kept a record of its use or rejection of factual or other substantive information that was submitted in writing as public comment and that was relevant to the accuracy, coverage, or other aspect of the Marijuana Control Board regulation on marijuana license fees.

Date: 2/26/19

Erika McConnell

Erika McConnell, Director
Marijuana Control Board

Subscribed and sworn to before me at ANCHORAGE, AK on
2/26/19
(date)

[Signature]
Notary Public in and for the State of Alaska



ANCHORAGE DAILY NEWS

AFFIDAVIT OF PUBLICATION

Account #: 270221

ST OF AK/ALCOHOL AND MARIJUANA
CONTROL BOARD
550 W 7TH AVE #1600
ANCHORAGE AK 99501

Order#
Cost

0001432681
\$378.48

Product ADN-Anchorage Daily News
Placement 0300
Position 0301

STATE OF ALASKA
THIRD JUDICIAL DISTRICT

Sarah Jennett

being first duly sworn on oath deposes and says that he/she is a representative of the Anchorage Daily News, a daily newspaper. That said newspaper has been approved by the Third Judicial Court, Anchorage, Alaska, and it now and has been published in the English language continually as a daily newspaper in Anchorage, Alaska, and it is now and during all said time was printed in an office maintained at the aforesaid place of publication of said newspaper. That the annexed is a copy of an advertisement as it was published in regular issues (and not in supplemental form) of said newspaper on

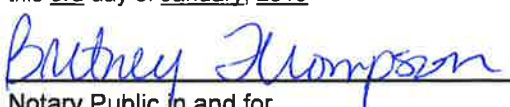
January 03, 2019

and that such newspaper was regularly distributed to its subscribers during all of said period. That the full amount of the fee charged for the foregoing publication is not in excess of the rate charged private individuals.

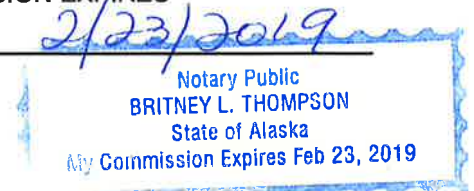
Signed


Sarah Jennett

Subscribed and sworn to before me
this 3rd day of January, 2019


Notary Public in and for
The State of Alaska.
Third Division
Anchorage, Alaska

MY COMMISSION EXPIRES


Notary Public
BRITNEY L. THOMPSON
State of Alaska
My Commission Expires Feb 23, 2019

NOTICE OF PROPOSED CHANGES TO LICENSE FEES IN THE REGULATIONS OF MARIJUANA CONTROL BOARD

The Marijuana Control Board proposes to adopt regulation changes in 3 AAC 306 of the Alaska Administrative Code, dealing with increasing license fees, including the following:

3 AAC 306.100 is proposed to increase new and renewal license fees for retail marijuana stores, limited and full cultivation facilities, concentrate manufacturers, product manufacturers and marijuana testing facilities.

You may comment on the proposed regulation changes, including the potential costs to private persons of complying with the proposed changes, by submitting written comments to the Alcohol and Marijuana Control Office at 550 West 7th Avenue, Suite 1600, Anchorage AK 99501. Additionally, the Marijuana Control Board will accept comments by electronic mail at amco.regs@alaska.gov. Comments may also be submitted through the Alaska Online Public Notice System by accessing this notice on the system and using the comment link. The comments must be received not later than 4:30 p.m. on February 8, 2019.

You may submit written questions relevant to the proposed action to the Alcohol and Marijuana Control Office at 550 West 7th Avenue, Suite 1600, Anchorage, AK 99501 or to amco.regs@alaska.gov. The questions must be received at least 10 days before the end of the public comment period. The Alcohol and Marijuana Control Office will aggregate its response to substantially similar questions and make the questions and responses available on the Alaska Online Public Notice System and AMCO website.

If you are a person with a disability who needs a special accommodation in order to participate in this process, please contact the Alcohol and Marijuana Control Office at amco.regs@alaska.gov or (907) 265-0350 not later than January 28, 2019, to ensure that any necessary accommodation can be provided.

A copy of the proposed regulation changes is available on the Alaska Online Public Notice System and by contacting the Alcohol and Marijuana Control Office at amco.regs@alaska.gov or (907) 265-0350.

After the public comment period ends, the Marijuana Control Board will either adopt the proposed regulation changes or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final regulation may be different from that of the proposed regulation. You should comment during the time allowed if your interests could be affected. Written comments received are public records and are subject to public inspection.

ANCHORAGE
In the Matter of the Estate of
Barnard J. Gottstein,
Deceased.
Case No. 3AN-18-03006PR
NOTICE TO CREDITORS
[AS 13.16.450]
NOTICE IS HEREBY GIVEN that
Sue Anne Jenkinson has been
appointed
personal
representative of the
Estate of
Marvin Eugene Bailey,
Deceased.
Case No. 3AN-18-02931 PR
NOTICE TO CREDITORS

AFFIDAVIT OF BOARD ACTION

I, Erika McConnell, Director of the Marijuana Control Board, being duly sworn, state the following:

The attached motion dealing with marijuana license fees was passed by the Marijuana Control Board during its February 21, 2019 meeting.

Date: 2/26/19

Erika McConnell

Erika McConnell, Director
Marijuana Control Board

Subscribed and sworn to before me at ANCHORAGE, AK on
2/26/19
(date)

[Signature]
Notary Public in and for the State of Alaska





Marijuana Control Board
Excerpt Draft Meeting Minutes
February 21, 2019
First Judicial District
Alaska State Library
395 Whittier Street
Juneau, Alaska

● **REGULATIONS**

9:08am

1. License Fees

Status: Public comment period closed February 8, 2019
Potential Board Actions: Vote to adopt; OR
Substantially amend and put out for public comment

Erika McConnell summarizes Tab 26, regulations project "License Fees", and discusses the difficulty in predicting the license fee revenues from Marijuana, and that AMCO will no longer get fiscal support from general fund starting in FY 20.

Mark Springer states that there is minimal public comment in favor of the license fee increases and asks why concentrate only license fees are so low.

Brandon Emmett states that the original intent of the concentrate only licenses was to be similar to a "limited grow". He discloses that he has a public Facebook and that he has been flooded with comments and questions regarding this matter. He finds that small growers are the most impacted by this change and they find it inappropriate that they are getting a 100% increase. He finds that the industry that is generating so much revenue should not be considered to "owe the government money". He is on the fence about if the large cultivation fees should be increased or if the smaller grow fees should be decreased. He would like to hear from the rest of the board regarding their thoughts of this matter.

Mark Springer asks that, given the number of licenses, what the revenue impact on the office would be.

Erika McConnell references the December tab for this matter, where she provided a chart that indicated revenue generation increase created by multiple proposals.

Emmett mentioned that the ballpark was 4.5-5 million approximately.

Erika McConnell states that the increase in revenue would be 600 thousand, with a total of slightly over 2 million dollars.

Mark Springer asks if the fees are split with LG, McConnell confirms that the application fee is split.

Brandon Emmett wishes to hear from the larger growers regarding this matter. He wants to know if the big grows can take more of the proposed burden. He states that ultimately people will be unhappy either way.

***Brandon Emmett motions to send back out for public comment for an additional 30 days.
Nick Miller seconds the motion and asks that the director republish the table as well.***

Loren Jones states that he has a problem for this to go back out for public comment, he finds that logistically this would not provide enough time for the fees to be in place before the renewal process, and he finds that implementing this before the renewal period is important.

Harriet Milks addresses Loren Jones concerns, she states that the idea that the matter needs to go back out for public comment for substantive changes is to protect the public/licensees. Reducing the limited cultivation fees would not require republication but increasing the standard cultivation fees would not be considered necessary to go back out for public comment.

Mark Springer and Erika McConnell discuss if budget projections include these revenue increases, and when the fees would go into effect.

Brandon Emmett asks if small grows are reduced to a 1400\$ fee the project would not need to go back out to public comment.

Harriet Milks confirms that this is her opinion.

Brandon Emmett withdraws his motion, and motions to change the fee for small cultivators to 1400 and then adopt the regulations project "License Fees".

Nick Miller seconds the motion.

Motion Passes 4-0