

Governor's Advisory Task Force on Recreational Marijuana

Met Monday @ 11:00am

April 3rd, 2023

Members: Leif Abel, Brandon Emmett, Gary Evans, Fadil Limani, Sam Hachey, Bryan Scoresby, Dru Malone, Ryan Tunseth, Joan Wilson

Absent: David Pruhs, Nick Miller, Aaron Stiasny, Jana Weltzin

Support: Maya Ali & Bailey Stuart

Agenda Items	Discussion	Decision(s)/Conclusions
Agenda approval for April 3rd, 2023 meeting Approval of March 13th, 2023 & March 20th, 2023 meeting minutes	Leif Abel motions to approve the April 3 rd , 2023 agenda. Fadil Limani seconds motion. Task Force members voted unanimously in favor; motion is approved. Fadil Limani motions to approve the March 13 th , 2023 & March 20 th , 2023 meeting minutes. Leif Abel seconds motion. Task Force members voted unanimously in favor; motion is approved. * *See Zoom transcribe for full discussion.	The Task Force approved March 20th, 2023 meeting agenda as amended.
Public Comment	No public comment.	No public comment.
Update on Advisory Report, Leg. Legal, HB 119 & HB 117	<ul style="list-style-type: none">On Friday HB 119 had a hearing in the House Labor and Commerce Committee. Co-Chair Brandon Emmett was invited to testify before the House Labor and Commerce Committee to answer any questions about the intent for lowering the marijuana tax. One of the questions the committee had was regarding the black market and if the intent of lowering taxes in HB 119 was to combat the black market. The answer given was that the price floor on recreational marijuana makes it difficult for legal cultivations to compete with the black market. The committee asked for percentages of the marijuana industry was black market?	

	<p>Brandon Emmett <i>“the Task Force is confident in that the marijuana industry in Alaska would be much more competitive with lower taxes, so that we could compete with the Black Market on a economic principle. And that answer seemed to be palatable to the committee.”</i></p> <ul style="list-style-type: none"> • The House Labor and Commerce Committee also inquired into the reallocation of funding and why the Task Force decided that they wanted to alter the structure? <p>Brandon Emmett <i>“When we (Brandon Emmett and Ryan Tunseth) spoke to that, we talked about the desire to support public health, but we also stated that we were not hanging our hat on that recommendation as well. It wouldn’t be a point of contention. Ultimately the power of appropriation falls on the Legislature, and we made that clear.”</i></p> <ul style="list-style-type: none"> • The House Labor and Commerce Committee made comment on HB 117. Brandon Emmett and Ryan Tunseth explained by the bills were bifurcated, instead of having one standalone bill that may require more discussion than necessary for HB 119. • Joan Wilson shares that Eliza Muse board member share with her a report that the Department of Health & Social Services produced called the 2021 Alaska CPS Cannabis Report. It states the price for Black Market marijuana was on average \$8.21/gram and that the legal market was \$9.43/gram. Board member Muse thought it was hard to substantiate that 45% of the market was Black Market and that she felt the 2022 report would reflect the same. • The Director of the Alcohol and Marijuana Office, Joan Wilson, reports that she is up to denying 10 licenses a meeting mostly based on tax delinquency. Assuming these cultivators are not able to pay their taxes within the 90 day window. 	
<p>Department of Revenue Tax Change Analysis Review</p>	<ul style="list-style-type: none"> • Fadil Limani states that the Department of Revenue (DoR) tax modeling report has been updated at the request of the Task Force and that it has been updated to include the spring forecast for 2023. <ul style="list-style-type: none"> ○ Tab 1 provides some of the assumptions that are being made in the report. 	<p>The Department of Revenue tax modeling report has been updated at the request of the Task Force and that it has been updated to include the spring forecast for 2023.</p>

	<ul style="list-style-type: none"> ○ Tab 2 provides the summary tables, which include a 10 year outlook. ● There are 4 different scenarios in the tax modeling report which include consumption trends and inflationary figures of 2.5%, inclusion of hemp derived products and potency tax modeling. ● Ryan Tunseth asks Fadil Limani why all the modeling has a projected continual increase throughout the next 7 years? What is it that specifically drives that because he feels Alaska hit the top of its market demand and that he is seeing a downward trend since population has been relatively flat since 2018. Fadil reports that there are 2 components taken into consideration. It's half of a percent annually and that's based on the volume increasing over time and the other one is the 2.5% inflation index. Historically, what the DoR has utilized for a number analysis, is the benchmark index. 	
<p>Update from Department of Revenue on Potency Tax modeling</p>	<ul style="list-style-type: none"> ● DoR approximated the amount of hemp derived products from Vermont's reports because of their population and rate of consumption being similar to Alaska. ● Task Force requests scenarios to expand potency per milligram of marijuana to include a couple more sections, as was done in the first alternatives. ● Task Force requests a fifth alternative modeling which is potency per milligram on hemp-based cannabinoids. And a sixth alternative modeling where the DoR adds the expanded potency per milligram modeling with the hemp-based cannabinoids. 	<p>The Task Force requests a fifth alternative modeling which is potency per milligram on hemp-based cannabinoids. And a sixth alternative where the DoR adds the expanding potency per milligram modeling with the hemp-based cannabinoids.</p>
<p>Proposed Regulations Changes by Sam Hachey, Aaron Stiassny, Gary Evans and Barrett Goodall</p>	<ul style="list-style-type: none"> ● Proposed regulation change to 3 AAC 306.435 the marijuana tracking inventory system. The intention is to remove burdensome and unnecessary plant tags. The industry can accomplish the same tracking ability for AMCO's oversight with a singular package tag from clones and carrying that package tag through harvest. And then you would create new package tags with finished products and then when transferred out. <p>Sam Hachey <i>"For instance, I've got right around 5,000 plants in my facility, that I turn every 55 to 60 days, not counting the labor hours that it takes to track and write down harvest and waste and everything else. It's</i></p>	<p>The Task Force voted unanimously in favor of producing a document similar to the original report to suggest regulation changes for the Marijuana Control Board to adopt.</p>

pretty burdensome and I'm not entirely sure what the intent of AMCO was for that... But I would like to amend 306.435."

Brandon Emmett "I can give you my perspective as a former board member, I feel it was two things. First, there was a sense of trepidation from the board members and the Department at the time for diversion. That marijuana would be leaving the regulated system and going and being sold in the Black Market, and having a very strict seed to sale system, would track all the this marijuana. And in my opinion, we've seen two things; one, if we look at the statistics, the range of weights of legitimate harvest very greatly between cultivator to cultivator... and further more I think that METRC is crafty, and they capitalize on a system in its infancy. And we're able to convince us regulators as a body that we needed this system to be robust. And I would agree, I think it's ridiculous. I think that if we want to fight diversion the way to do it is to really just look at the range of weights of harvests, and packages, that are coming out of facilities. And look to see if those are thin the range of what is realistic for the volume that a company could possibly grow. I don't think the tag system is really necessary at all. I don't think it stopped and of the diversion that's happened at all. I would certainly support minimizing anything we could do in the seed to sale tracking system. So long we are actually still tracking the amount of marijuana that's grown."

- Current tag prices are \$0.56 apiece. They will soon be biodegradable, which will raise the prices again.
- The Task Force discussed working towards a document to submit to the Marijuana Control Board that outline the sections that the Task Force would like to see changed. With a potential brief overview of each one that would reduce the burden on the industry members.
- The Task Force discussed 3 AAC 306.635 marijuana inventory tracking system. The regulation is pretty broad and does not give the industry clear guidance in transportation expectations. As well as regulations that are unnecessary as the information is tracked by METRC.

Sam Hachey motions that the Task Force produce a document similar to the original report to suggest regulation changes for the Marijuana Control

	<p>Board to consider.</p> <p>Joan Wilson seconds the motion.</p> <p>Task Force members voted unanimously in favor; motion is approved.</p>	
Adjournment	<p>Meeting adjourned at 12:17pm</p> <p>Next Task Force meeting is scheduled for April 17th, 2023 at 11:00am</p>	<p>Meeting Adjourn at 12:17pm</p> <p>Next meeting is scheduled for April 17th 2023 at 11:00am</p>