

LEGAL SERVICES

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MEMORANDUM

February 26, 2015

SUBJECT: Grounds for revocation of a marijuana establishment's registration
(Work Order No. 29-LS0638'A)

TO: Representative Paul Seaton
Attn: Taneeka Hansen

FROM: Alpheus Bullard *ALB*
Legislative Counsel

Ms. Hansen asked, under the provisions of Ballot Measure No. 2 (the initiative), whether the only grounds permitted for revocation of a marijuana establishment's registration to operate was a failure to pay taxes under the initiative's sec. 43.61.030.

Under the initiative, subject to the adoption of regulations by the Alcohol Beverage Control Board (board), a marijuana establishment's registration to operate may be revoked on grounds other than failing to pay taxes.

Section 17.38.090 of the initiative directs the board to adopt regulations that include "procedures for the . . . revocation of a registration to operate a marijuana establishment[.]" This authority to adopt regulations relating to the revocation of a marijuana establishment's registration to operate is not limited by the specific language of the initiative's sec. 41.61.030(b). AS 17.38.110 also allows a local government to enact ordinances and regulations if the board does not. Under AS 17.38.110(d) a local government may establish procedures for revocation of a registration that it issued. Local governments may enact ordinances and regulations and may issue registrations if the board fails to act. Sec. 17.38.110(f).

Section 41.61.030(b) provides that a marijuana cultivation facility¹ that fails to pay taxes to the state *may* have its registration to operate "revoked in accordance with procedures established under [sec.] 17.38.090(a)(1)." This subsection does not limit the board's authority, or a local government's authority, to adopt regulations that provide for marijuana establishments' registrations to be revoked for other causes.

If you have further questions, please do not hesitate to contact me.

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¹ Under sec. 17.38.900(9) of the initiative, "marijuana establishment" includes a marijuana cultivation facility.