



# MEMORANDUM

Department of Natural Resources

STATE OF ALASKA  
Division of Agriculture

TO: The Honorable Bill Stoltze  
Alaska State Senate

DATE: March 31, 2015

THRU:

TELEPHONE:

FROM: Franci Havemeister  
Director

SUBJECT: Agriculture and  
Marijuana

The Division of Agriculture's involvement in the industry will depend on the final regulatory language and the determination of marijuana as an agriculture crop or a controlled substance.

The Division of Agriculture responds to the following questions:

1. Will the marijuana industry be allowed to use the Alaska Grown Logo?

The use of the logo is permitted through an application process on agriculture products produced in the state. At this time it is unclear if marijuana will be considered an agriculture product and meets that requirement. If marijuana is determined to be an agriculture crop, the AAG has recommended that as a condition of approval, all applicants provide a copy of their commercial marijuana license. Although, the logo is federally trademarked, the federal government does not directly control how a trademark is used once it is issued.

I anticipate some current registered users of the Alaska Grown Logo may be resistant to the logo being used to market marijuana.

2. Will the Agriculture Revolving Loan Fund be available to the marijuana industry?

If marijuana is determined to be an agriculture product, the ARLF's current statutes and regulations would allow the Board of Agriculture and Conservation (BAC) to approve loans for marijuana production and processing. The challenges in approving a loan may include the board's difficulty in determining if an entity had a viable business plan since there is no production/cost history for this type of business in Alaska. Supply, demand, crop yield, etc. would be pure speculation until some kind of track record or production information was established. The speculative nature of any business plan would be a serious hurdle for anyone applying for an agricultural loan.

However, after a few years it should be fairly easy to determine the value and production levels of a marijuana producer and create a realistic business plan since production and marketing history would be established. It is unlikely that the board would accept the crop, marijuana as collateral for the loan. In the event of a default, the BAC may not be able to seize, possess, and sell the crop because a non-licensee cannot possess or sell marijuana under the most recent draft of SB62. This would render a marijuana crop unsuitable as collateral unless there was a process

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available for repossessing and selling a marijuana crop either directly or through another government agency or third party.

Although it may be unlikely, the risk remains that the federal government could change their “wait and see approach” with a new administration and seize property related to a marijuana operation. The mandate of the BAC is to assist agriculture by means of long term low interest loans (AS 03.10.010), but that doesn’t mean the BAC is required to take unnecessary lending risks. Until the interplay between state and federal law is more settled it may be a risky endeavor to loan funds supporting the marijuana industry.

If marijuana is determined an agriculture product, the Plant Materials Center will be available to provide technical expertise to this new industry.