



Members House Labor & Commerce Committee
Via email: House.Labor.And.Commerce@akleg.gov

March 5, 2019

Dear House Labor & Commerce Committee:

The Alaska Marijuana "Industry Association (AMIA) is the only Statewide Cannabis Industry trade group, think of the CHARR for marijuana. Our mission is to promote and advocate for a vibrant and reasonably regulated Alaska-based marijuana industry. The AMIA serves to strengthen and enhance a network of connected, independent, informed, regionally and community directed Alaska Marijuana organizations.

The AMIA requests that Vivian Stiver not be confirmed to the Marijuana Control Board for the following reasons:

~ The bill to create the MCB (HB123) in 2015 was well backed with public comment, Governor and Legislative intent that said the board would have two industry seats. The reasoning for the industry/public seat was that at that time there were no licensees. However, the intent was clear that as soon as licensees came into existence the Marijuana Board be made to mirror the structure of the alcohol board. We have heard Ms. Stiver state that the Legislature's intention was that the seat now be public, but upon our review of legislative history, that does not appear to be true.

~ If you place a cannabis prohibitionist on the MCB, then we would expect to see a temperance soldier put on the Alcohol Board, or a fish hater on the Board of Fish. Nowhere in the nation will you see a regulatory board with officials who publicly despise the item they are tasked to regulate.

Some facts you may not know:

- Each Marijuana businesses in Alaska regardless of type put over \$6000 of fees alone into the Treasury annually. That's per business statewide.
- Each one of the licensed businesses in the State contributed to the 2018 GF a total of: \$12,761,802.00 in marijuana tax revenue.
- Legal Marijuana helps shut out the black market and reduce crime.
- Marijuana is the only start-up industry that is wholly owned by Alaskans. Stifling the Alaska Marijuana businesses will only hurt ALASKAN SMALL BUSINESS OWNERS and ALASKAN FAMILIES.

Stiver, a former Fairbanks City Council member, has already made clear her strong opposition to the marijuana industry. She actively fought retail marijuana in Fairbanks by heading up a coalition and launching a ballot proposition that would have banned licensed, regulated shops in that town. Alaskans voted more than four years ago to end marijuana prohibition. The appointment of Stiver is a clear message from the Dunleavy administration that Alaska is indeed not open for business.

We have reflected on the many public statements made by Ms. Stiver and wanted to offer our findings to you. In case there is any doubt that she in fact is a prohibitionist please see the attached document titled "Ms. Stiver vs. The Truth". While we understand her argument that she was only exercising the portion of the ballot measure that gave a community the option to organize a ban, the rhetoric that she used in her promotion of the proposed ban is concerning and further spreads a stigma we have long fought to correct.

Again, the AMIA requests that Vivian Stiver not be confirmed to the Marijuana Control Board.

Most Sincerely,

s/s

Executive Board of the AMIA

Direct quoted assertions from Ms. Stiver

"When you look at the information that I gave you, you will see just simply by having more access, just simply by having volume of marijuana in a community their poison control went up 153% for children ages 0 to 5. Because you are going to get edibles."

Factual Response from Real Sources and Industry Leaders

We can't source her number but the only data we find which shows an increase of that size is in France where Cannabis is neither legal or regulated. In Colorado this table from Poison Control shows the increase and we will let you do the math to convert to a rate of increase but it certainly isn't 153%.

Table 30. Human marijuana exposures reported to Rocky Mountain Poison and Drug Center, by age group and marijuana type, 2015-2017

Age group	Total reports	Percent of each marijuana type		
		Smokeable Marijuana	Edible Marijuana	Other Marijuana Cannabidiol
All ages				
2015	230	54.8%	36.5%	8.3%
2016	227	52.0%	37.4%	8.8%
2017	222	38.7%	45.0%	14.0%
0 to 8 years old				
2015	49	40.8%	51.0%	8.2%
2016	50	30.0%	62.0%	8.0%
2017	64	23.4%	65.6%	10.9%

"Colorado opened it up like the old west. And we are fixing to do the very same thing, even more. More so than Colorado."

Colorado made some mistakes, and Alaska learned from them. Our regulations are incredibly thorough and detailed. For example our serving size limit is half of Colorado's and the smallest in the nation. As made apparent by her statements Ms. Stiver hasn't had time to read the robust regulations, as there are many pages and it would certainly take many hours to fully digest and understand.

<p>“Couple of things that I think have been missed along the way, medical marijuana is basically more the cannabinoids (sic) in the marijuana it’s not the THC. THC is the one that gets you high so when people say well this is what you know peyote Indians use all the time and years ago that’s untrue. Because what they’ve done is they’ve made hybrids of the plant, they’ve made the amount of THC in that plant greater, and that’s your recreational amount, recreational marijuana.”</p>	<p>Genus Cannabis is one plant with many hybrid variations. Contained within cannabis there are over 12 recognized cannabinoids, 10 of which we test for in the State of Alaska along with 20 recognized Terpenes. There is evidence out there to suggest that all Terpenes and Cannabinoids have varying therapeutic or medicinal effects, both singularly and in combination, especially when interacting with the human endocannabinoid system. The primary difference between medical cannabis and recreational cannabis is how it is regulated and sold/distributed. The products are often the same with the same levels of THC, it is simply the regulatory and tax structures that are different. In Alaska there were never any pharmacies or dispensaries legally licensed to distribute cannabis, so a licensed retail shop is the only place that a permitted medical marijuana cardholder can purchase cannabis legally.</p>
<p>“The definition of commercialization is exploiting for profit, to exploit for profit, such as Christmas, birthdays, greeting cards. So what we’re going to do is were going to open up this whole can of worms we think we’ve got it regulated, we think we’ve got, we don’t.”</p>	<p>The actual definition of Commercialization is: <i>the process of introducing a new product or production method into commerce—making it available on the market.</i></p> <p>An unregulated black market perhaps is guilty of exploiting for profit, but the licensed industry in Alaska is filled with good actors who are reputable employers and taxpayers. These truly Alaskan entrepreneurs, in their free time, are philanthropic and caring members of their communities.</p> <p>These business people exemplify the Administration’s message that “Alaska is Open For Business”</p>
<p>“It is a drug, there is no way around it. It’s not a glass of wine, it’s not a shot of Jack Daniels, it’s way more powerful than that.”</p>	<p>Correct, it is a drug, so is Alcohol.</p> <p>It is a drug that when used responsibly has documented lower public health and safety risks than alcohol.</p> <p>Cannabis unlike alcohol has many known therapeutic benefits and a very low risk of addiction.</p> <p>The societal costs related to cannabis use is microscopic in comparison to alcohol.</p> <p>So to say that it is more powerful is concerning and perhaps Ms. Stiver should be an advocate for alcohol use.</p>
<p>“This plant in nature has .2 to .5 THC in it, today marijuana is a GMO, is a genetically modified plant, it has 17 percent, from .2 , .5 percent, to 17 percent THC value. Purely recreational. The other thing I heard was</p>	<p>This statement above all else shows her lack of understanding of the industry she is hoping to regulate.</p>

about the medical value, people were concerned about you know having it for medical purposes, well, the marijuana industry wasn't stupid so what they did is they paired an opportunity medical marijuana with recreational marijuana which has no medicinal value at all."	Plants containing .2-.5% THC is what you would knowingly call industrial hemp. Cannabis grown for medicinal or recreational use is ancient and not genetically modified, however it can be fine-tuned to have more or less of certain cannabinoids depending on the product and consumer you are appealing to. Many in the industry are currently hybridizing plants to decrease the THC content as to highlight the other therapeutic cannabinoids, such as CBD which has been shown to help with chronic inflammation and Crohn's Disease. These medical strains are sold in Alaska's recreational market.
"The other thing with medical marijuana, today a pharmacy can apply for a license and dispense medical marijuana right now, they didn't need this law, they could've done it, cause medical marijuana had been legal in the state for a long time."	We believe this statement alone illustrates her lack of understanding of current and past law in Alaska. It had never been possible for a pharmacy or any other regulated provider group to offer cannabis to consumers.
"A lot of people were just unsure about what all had been legalized under this law. I think one of the biggest things they're surprised by are the edibles that can be out there. They are very much likened to national brand foods. Very hard to distinguish for young children...the difference."	First, there are robust and stringent regulations that guide what edibles can look like and who they can appeal to. The board approves each edible allowed onto the market. Second, under Ms. Stivers logic, consumer products such as Tide Pods and Personal care products such as soaps which can be shaped like food should also be prohibited. We believe it remains a parent or guardians' responsibility to keep their children from ingesting dangerous items. * Understanding that accidents happen, it is worth knowing that no human has ever died from accidental cannabis consumption where no other factors /substances was present.
"So your gonna have these possibly smoking areas and then out first responders have to go in there. And of course they're in a safety sensitive job, they cannot consume marijuana, if they test positive for THC well then they have to justify kinda where it came from, oh yeah I answered that call last week down at the marijuana pot shop on Cushman, one of the three I think that are on Cushman, soon to be	We would ask how many first responders or law enforcement officers have been disciplined for responding to a house party or similar situation where cannabis was being consumed? Have they declined to take those calls until the air clears, how is this a new issue considering cannabis has been consumed indoors in Alaska since before statehood?

<p>four, so then he may or her be put on administrative leave until they can identify yeah did he or did she consume on her personal time. So first responders will be exposed to the THC in the smoke and the marijuana, and that's not acceptable in their job and their position."</p>	<p>"You have people who are again, are intoxicated, whether its alcohol or marijuana their intoxicated, and as you know there are three strands of marijuana, hemp, sativa and Endicott (sic). Sativa has been known to cause violence in people and their behavior."</p> <p>Again, this misguided statement is one that Vivian has used to strike fear in her audience. It is not based in fact and honestly doesn't make much sense.</p> <p>First: "strands" is not a term used in our industry, but we will try to clarify.</p> <p>Cannabis is a family of plants with two primary classifications — Indica and Sativa. While marijuana can be considered a member of either the Indica or Sativa families, Hemp is a member of the Cannabis Sativa family.</p> <p>We have found no real science or evidence to suggest that any Cannabis is linked to violence, much less a specific type. Cannabis is broadly known to create the opposite effect, in fact the Nixon administration said marijuana was going to turn us all into pacifists.</p> <p>This is just more baseless fear mongering.</p>
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An observation from the industry: considering her misinformed rambling, we are troubled to think that her concerns could ever be translated into coherent and effective regulation. It seems she has an education gap that shouldn't be reconciled on state time. The Marijuana Control Board is not the place to get educated but rather to share fact-based knowledge and expertise.



Compiled by the Alaska Marijuana Industry Association

February 2019



From the Alaska Marijuana Industry Association

**DUNLEAVY'S APPOINTMENT OF STIVER TO MCB WILL HURT ALASKANS,
THE ECONOMY AND MANY SMALL BUSINESS OWNERS**

Gov. Mike Dunleavy has made a grave misstep with his appointment of Vivian Stiver to the Marijuana Control Board.

"Dunleavy's election campaign promised a commitment to job creation and a reduction in crime. Stiver's appointment is not in line with the governor's election victory announcement that, 'Alaska is open for business.'" says Cary Carrigan, executive director of the Alaska Marijuana Industry Association.

Stiver, a former Fairbanks City Council member, has already made clear her strong opposition to the marijuana industry. She actively fought retail marijuana in Fairbanks by heading up a coalition and launching a ballot proposition that would have banned licensed, regulated shops in that town.

"The marijuana industry has created hundreds, if not thousands of jobs, directly and indirectly," says Carrigan. "This industry also supports electricians, construction workers, architects, engineers, creative agencies, accountants, and many other small Alaska businesses that provide support and services to marijuana licensees."

Alaskans voted more than four years ago to end marijuana prohibition. The appointment of Stiver, and the removal of Sitka Police Chief Jeff Ankerfelt, is a message from the Dunleavy administration that Alaska is indeed not open for business.

"We call on Gov. Dunleavy to reconsider the direction in which he is taking the Marijuana Control Board. Licensed, regulated marijuana is good for the safety and health of Alaskans and it's good for the economy."

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MARIJUANA:

A new industry



Jobs, wages, and tax revenue are on a steady rise

By **KARINNE WIEBOLD**

Alaska's marijuana industry is still in its infancy. Voters legalized recreational use in 2014, but marijuana wasn't available commercially until 2016. Most licenses are less than a year old, and many licensed marijuana businesses don't yet show up in wage and salary records because they don't have employees. However, initial data show a steady increase in tax revenue, wages and employment (see Exhibit 1), and the number of licenses in Alaska.

An ambiguous legal history

Alaska has a complicated history with the legality of marijuana use, a battle that continued for nearly 40 years until 2014, when a ballot initiative legalized and began the process of regulating and taxing recreational marijuana.

Eight other states and the District of Columbia have legalized recreational marijuana possession so far, but Alaska is the only state where courts have decided it's constitutionally protected. In 1975, the Alaska Supreme Court held in *Ravin v. State* that the Alaska Constitution's right to privacy protected an adult's right to possess and use a small amount of marijuana.

Legislators decriminalized marijuana shortly thereafter but subjected those found possessing it to a civil fine of up to \$100. The civil fine conflicted with the *Ravin* decision, and five years later, the Legislature resolved the conflict by eliminating any civil or criminal penalty for an adult possessing

New regulations took time

In late 2014, Alaskans voted to "tax and regulate the production, sale, and use of marijuana in Alaska." The law went into effect Feb. 25, 2015, allowing people over 21 to carry up to an ounce of marijuana and have up to six plants at home. While personal stashes were clearly no longer contraband, there was not yet a legal mechanism for buying and selling.

Before marijuana could become available for pur-

less than four ounces of marijuana for personal use.

Then in 1990, voters passed a ballot initiative that recriminalized all marijuana possession, reintroducing confusion and apparent constitutional conflict. Another ballot initiative successfully decriminalized marijuana for medical use in 1998, and established rules for obtaining a doctor's certification and registering with the state to obtain an identification card, which allowed limited possession of marijuana and marijuana plants.

The Alaska Supreme Court weighed in again in 2003 when it declined to hear the state's appeal of a lower court's decision, in *Noy v. State*, that the state could not enforce statutes that restricted Alaska residents' right to possess less than four ounces of marijuana.

The Legislature criminalized marijuana use again in 2006, although legislators acknowledged at the time that another court challenge would likely follow. It did — and the debate continued until legalization in 2014.

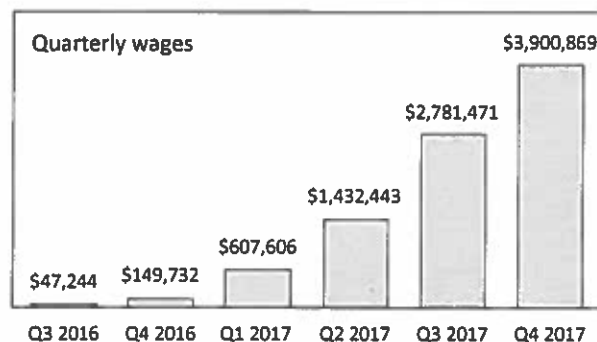
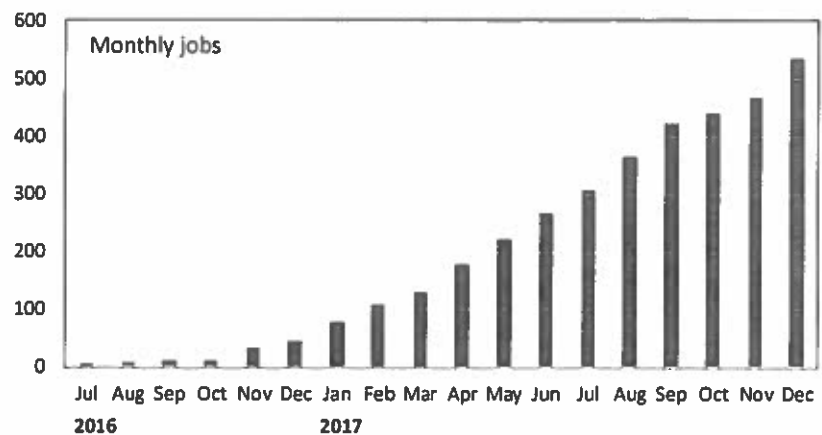
chase, the law required establishment of a Marijuana Control Board to create industry regulations and oversee licensing and enforcement, much like the Alcohol Control Board does for liquor sales. The board, established by House Bill 123 in May 2015 and housed in the Department of Commerce, Community, and Economic Development, adopted regulations that became effective Feb. 21, 2016.

Each stage requires a separate license

The department's Alcohol and Marijuana Control Office grants licenses for each distinct part of the marijuana industry: cultivation, product manufacturing (such as concentrates or edibles), laboratory testing, and retail. Each license must be renewed annually and updated for ownership, business practices, production techniques, and products sold. (See Exhibit 2.)

A business that is "vertically inte-

1 Marijuana Workers and Wages ALASKA, 2017



Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

2 Types of Recreational Marijuana Licenses and Their Costs ALASKA, APRIL 2018

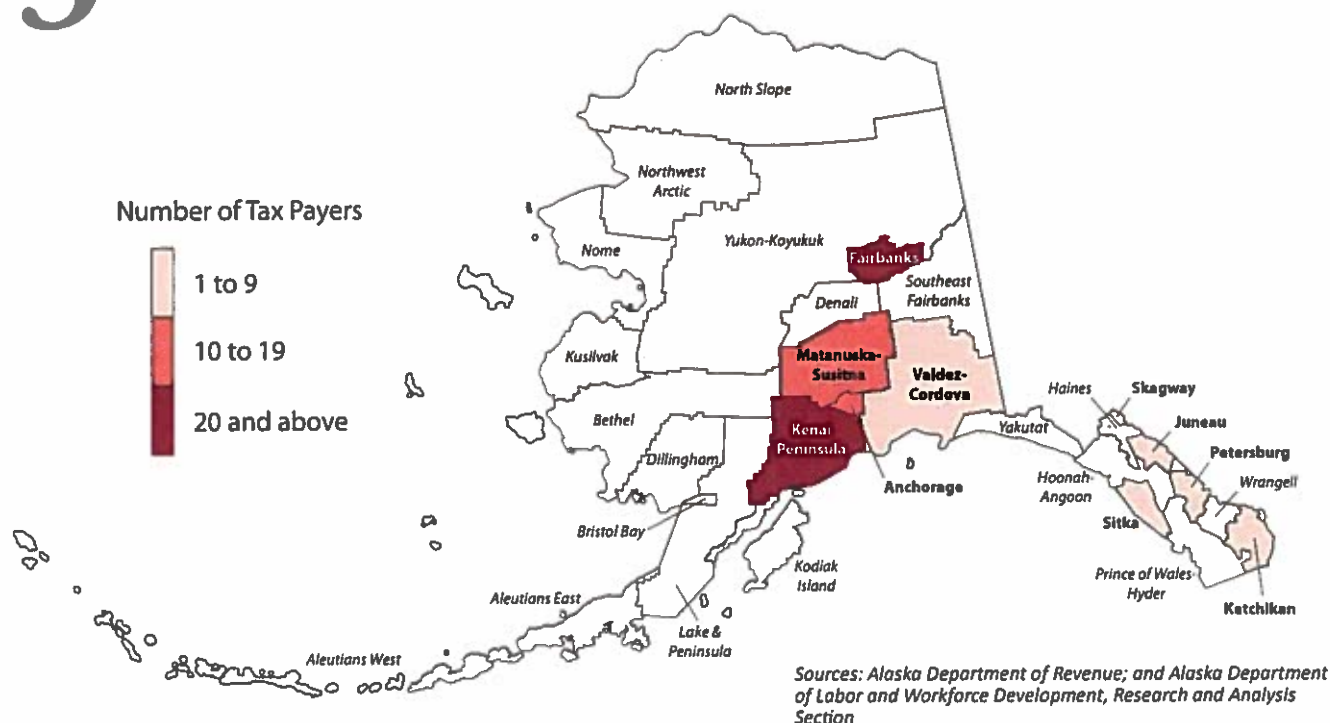
License or permit type	Description	Application fee*	Annual fee
Retail marijuana store	Sell marijuana to consumers	\$1,000 initial, \$600 renewal	\$5,000
Limited marijuana cultivation facility (under 500 ft of cultivation)	Plant, propagate, cultivate, harvest, trim, dry, cure, package, and label marijuana for sale to stores or manufacturing facilities	\$1,000 initial, \$600 renewal	\$1,000
Marijuana cultivation facility	Plant, propagate, cultivate, harvest, trim, dry, cure, package, and label marijuana for sale to stores or manufacturing facilities	\$1,000 initial, \$600 renewal	\$5,000
Marijuana concentrate manufacturing facility	Purchase marijuana from a licensed cultivator or other manufacturer and extract marijuana concentrate	\$1,000 initial, \$600 renewal	\$1,000
Marijuana product manufacturing facility	Purchase marijuana from a licensed cultivator or other manufacturer and extract marijuana concentrate or manufacture, refine, process, and cook marijuana products with specific product approval	\$1,000 initial, \$600 renewal	\$5,000
Marijuana testing facility	Test, analyze, and certify for potency, moisture content, pesticide/solvent residue, mold, mildew, bacteria, or other contaminants in marijuana or marijuana product	\$1,000 initial, \$600 renewal	\$1,000
Marijuana handler permit	Required for each licensee, employee, or agent of a marijuana establishment who sells, cultivates, manufactures, tests, or transports marijuana	-	\$50 every 3 years

*Licenses must be renewed annually.

Source: 3 AAC 306 Regulations for the Marijuana Control Board

3 Marijuana Cultivators Concentrated in Southcentral

BY NUMBER OF LICENSEES WHO PAID EXCISE TAX IN 2017



grated,” meaning it both grows and sells marijuana or even manufactures edible products, must have a separate license for each business component. There are no restrictions on vertical integration with the exception of testing facilities, which must remain autonomous. A testing business may not hold any other marijuana industry license, and neither the license holders nor any of their employees or agents may own or have a direct or indirect financial interest in another marijuana-licensed business.

The Marijuana Control Board uses 50 percent of application fee revenue plus all of the license fees (which range from \$1,000 to \$5,000) to cover the administrative costs of regulating the industry. The board shares the other half of what it collects in application fees with local governments to offset the costs of their review process. Local governments can restrict or prohibit commercial marijuana through ordinance or a vote and can weigh in on applications based on their own restrictions and requirements.

The board granted the first license in July of 2016 to a marijuana cultivation facility in Fairbanks and approved four more licenses later that year, although

About the data

This article's data, which come from employers who pay in to the unemployment insurance system, are limited to businesses that hold a license for commercial recreational marijuana. The data can't capture all licensed marijuana-related employment and wages, however, as many licensees have no employees and some, such as owner-operators, aren't covered by unemployment insurance.

Other businesses and workers have some connection to the marijuana industry but their jobs and wages aren't included here if they aren't required to hold licenses. Examples are state marijuana regulators and enforcement workers and those who provide the mandated educational course for people seeking a handler permit.

half were not effective until 2017. The big jump came in 2017 with approval of 168 licenses. Nine licenses were granted in the first two months of 2018, with 445 more in process. That doesn't necessarily mean that many new businesses are on the horizon, though, because a single enterprise can hold mul-

multiple licenses and other applications might not be approved.

In total, Alaska has 182 active licenses, 160 of which were effective in 2017 or before.

All associated must have permit

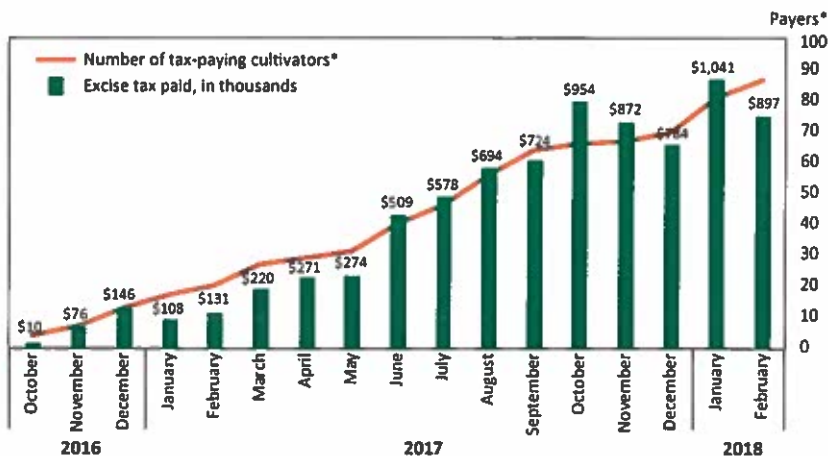
Everyone working in the industry is required to obtain a \$50, three-year marijuana handler permit, even those who check the identification of people coming in the door. Getting a permit requires taking an educational course and exam on statutes, the effects of consumption, how to identify impaired users, how to screen identification, how to prevent unlawful use, and the possible penalties for violations. Seven small companies

emerged to provide the mandatory course, with fees ranging from \$45 to \$75.

Alaska has 3,872 active permits. That means just shy

4 Marijuana Tax Revenues, Payers On The Rise

ALASKA, EXCISE TAXES COLLECTED, OCT 2016 TO FEB 2018



*Reflects the number of cultivators that paid excise tax, which is collected at the time of manufacture

Source: Alaska Department of Revenue

5 How States Tax Recreational Marijuana and Limit Possession

AMOUNTS ALLOWED AND TAXATION, APRIL 2018

State	Legalized	Plants	Max quantity	State excise tax	State sales tax	Other taxes
Alaska	2014	6 plants	1 oz	Excise wholesale, bud/flower \$50/oz, rest of plant \$15/oz	No state sales tax	Local sales and excise taxes where applicable
California	2016	6 plants	1 oz	15% excise retail	7.25%	Cultivation taxes: fresh plant \$1.29/oz, flower \$9.25/dry weight oz, leaves \$2.75/dry weight oz, local sales taxes as applicable
Colorado	2012	6 plants	1 oz	15% excise wholesale, 15% excise retail	Exempt from 2.9% state sales tax	Local sales tax as applicable
Maine*	2016	6 plants	2.5 oz	—	—	—
Massachusetts	2016	6 plants	carry 1 oz/10 oz at home	10.75% excise retail	6.25%	Local sales tax up to 3%
Nevada	2016	6 plants	1 oz	15% excise wholesale, 10% excise retail	6.85%	Local sales tax as applicable
Oregon	2014	4 plants	1 oz	17% excise retail	No state sales tax	Local retail excise tax up to 3% (when voter approved)
Vermont*	2018	6 plants	1 oz	—	—	—
Washington	2012	0 plants	1 oz	37% excise retail	6.5%	Local sales tax as applicable
District of Columbia	2014	6 plants	2 oz	No retail sales allowed	—	—

*Regulations, including taxation, are in process.

Source: Alaska Department of Labor, Research and Analysis Section; and each state's revenue department

of 4,000 people in Alaska have or have had some association with the marijuana industry.

Growth in jobs and wages

This new industry creates a small number of direct jobs, including nursery workers, laboratory testers, and retail sales workers. By extension it creates or supports jobs in other industries as well, such as accountants and state regulators, although those are outside the scope of this article. See the sidebar on page 6.)

Just nine marijuana businesses were open in the second half of 2016, some of which hadn't yet received licenses to sell marijuana but were generating jobs and paying wages in the interim. The industry grew rapidly once it had its regulatory footing, to 73 businesses in 2017 with 62 of those reporting jobs and wages.

In terms of paid employees, the industry averaged just 19 per month in the second half of 2016. By January 2017, 79 people worked for a licensed marijuana business, excluding owner-operators. That more than doubled by April, to 180, and doubled again by August, to 365. Employment continued to grow each subsequent month, reaching 536 in December. (See Exhibit 1 on page 5.)

The industry paid just \$197,000 in total wages in 2016, and wages also rose dramatically in 2017. In the fourth quarter, the industry paid nearly \$4 million in wages and the total was about \$8.5 million for all of 2017. The lion's share of wages were paid in Anchorage, at \$3.8 million, followed by Fairbanks at \$2.1 million.

How Alaska taxes marijuana

Due to conflict between state and federal marijuana laws (marijuana is still illegal under federal law), the marijuana industry is primarily cash-based, including tax payments. The Alaska Department of Revenue reports that 74 percent of taxes have been paid in cash, with the remainder paid by cashier's check, money order, bank check, or wire transfer.

Marijuana is subject to an excise tax, which has two common definitions, both of which apply in Alaska's

case. An excise tax is a tax on a particular good or service, such as gasoline, rather than a broadly applied tax like a general sales tax. It can also be imposed during manufacture rather than when it's sold.

Alaska collects tax when marijuana is transferred or sold to retail or manufacturing facilities. Flower, the highest value part of the plant, is taxed at \$50 per ounce while leaves and trim (used for manufacturing food and concentrates) is taxed at \$15 per ounce.

Four businesses paid the industry's first taxes in October 2016, contributing \$10,406 combined. Tax revenue has increased nearly every month since, topping \$1 million in January 2018. (See Exhibit 4 on page 7.) In all, the marijuana industry generated \$8.3 million in taxes in its first 17 months, not

including any local sales taxes. Juneau, for example, has a 5 percent sales tax. Fairbanks does not collect sales tax, and while Anchorage doesn't either, it imposes an additional 5 percent excise tax on marijuana sales.

All marijuana tax the state collects goes into its general fund, but half is earmarked for the Recidivism Reduction Fund, authorized in 2016 by Senate Bill 91 as part of a criminal reform package. The other half is available for unrestricted general fund use.

Taxation varies by state

As states consider marijuana tax policy, they balance the cost of regulating the industry and revenue generation with the awareness that over-taxation may drive demand back to the black market.

The resulting tax mechanisms vary among states. For example, Alaska has a fairly simple tax structure with flat excise tax rates. So does Oregon, which has a 17 percent excise tax, no sales tax, and the local option to impose up to an additional 3 percent.

California's tax structure is more complicated, with an excise tax, a cultivation tax that varies by the type of plant material, and a regular state sales tax. (See Exhibit 5 on page 7.) Colorado imposes a 15 percent excise tax on wholesale marijuana and an additional 15 percent on retail sales while exempting it from regular sales tax.

Continued on page 12

5 Workers 55 and Older by Area

ALASKA, 2017

Borough or census area	Percent of workers 55+	Population that is 55+	Borough or census area	Percent of workers 55+	Population that is 55+
Aleutians East Borough	8%	25%	Lake and Peninsula Borough	12%	22%
Aleutians West Census Area	16%	24%	Matanuska-Susitna Borough	17%	24%
Anchorage, Municipality	17%	23%	Nome Census Area	17%	18%
Bethel Census Area	15%	17%	North Slope Borough	19%	20%
Bristol Bay Borough	6%	34%	Northwest Arctic Borough	16%	17%
Denali Borough	9%	29%	Petersburg Census Area	17%	34%
Dillingham Census Area	14%	22%	Prince of Wales-Hyder Census Area	19%	31%
Fairbanks North Star Borough	16%	22%	Sitka, City and Borough	16%	30%
Haines Borough	18%	41%	Skagway, Municipality	8%	29%
Hoonah-Angoon Census Area	22%	39%	Southeast Fairbanks Census Area	21%	29%
Juneau, City and Borough	18%	27%	Valdez-Cordova Census Area	16%	29%
Kenai Peninsula Borough	19%	33%	Wrangell, City and Borough	21%	40%
Ketchikan Gateway Borough	19%	30%	Yakutat, City and Borough	21%	32%
Kodiak Island Borough	19%	23%	Yukon-Koyukuk Census Area	23%	29%
Kusilivak Census Area	14%	14%			

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

MARIJUANA

Continued from page 8

Effects on Alaska's economy

Creating jobs and wages and generating tax revenue are two measurable economic effects of the decision to tax and regulate the use of marijuana in Alaska. But while these are still growing, the marijuana industry will likely remain a tiny piece of the overall economy.

Licensed marijuana employment reached 536 in December 2017, which was less than 0.2 percent of total Alaska employment. Similarly, the \$8.3 million in marijuana taxes the state collected in the

first 17 months was just a fraction of a percent of Alaska's total tax revenue.

The emerging marijuana industry affects Alaska's economy in other ways that are outside this article's scope but worth noting. As just one example, legalization combined with regulation and taxation moved some revenue from the black market into legal wages, profit, and taxes — in essence, it shifted "off the books" money onto the books. Money spent legally on marijuana is probably a combination of money that would have been spent on the black market and money that would have been spent on other things.

Karinne Wiebold is an economist in Juneau. Reach her at (907) 465-6039 or karinne.wiebold@alaska.gov.

Ask an Economist: Growth and uncertainty for Alaska's cannabis industry

By Kirsten Swann, Alaska Public Media - Anchorage · January 29, 2019

For nearly three years, Alaska's cannabis industry has generated steady job growth, tax revenues and new businesses around the state. In this edition of Ask an Economist, Alaska Department of Labor & Workforce Development economist Karinne Wiebold explains how the industry fits within Alaska's overall economy.

Kirsten Swann: What kind of overall impact does Alaska's legal cannabis industry have on the state's economy?

Karinne Wiebold: "The legal marijuana industry in Alaska is kind of a bright spot in that we have been in a recession for the last three-plus years, and so overall the state's been losing jobs, and cannabis is one of the few industries where we see job growth consistently throughout that period, and it's because it's a new and emerging industry. But it's important to keep in mind that it's a very, very small component of the overall economy. When we looked at the number of jobs in the marijuana industry compared to the number of jobs overall for Alaska, it's less than 1 percent that we can tie to the marijuana industry. And when we talk about the state tax revenue, it's a similarly very small component of overall tax revenue; less than 1 percent."

KS: How has the impact of this sector changed since the market began to develop a few years ago? Have you seen anything shift since then?

KW: "I did a study back in May that was published in Alaska Economic Trends, and I was looking at the wages and employment that we could tie to marijuana. And we tied it through licensing and the unemployment insurance claim filings for the businesses that held marijuana licenses.

In early 2016, the employment numbers were very low; so we're talking less than 100. And as we moved through 2016 and into 2017, employment grew exponentially. So when we looked at workers, we were talking, in 2016, of — I'm sorry, not even less than 100, but less than 20. Very small numbers. When we got into 2017 early, we had about 100 in January. By the time we ended in December, there were over 500 jobs in marijuana, so we saw a steady, robust, incremental, month-to-month increase in the number of workers that we could tie to the industry."

KS: Is there anything that you can tell us about this industry going forward, or any forecasts that the Department of Labor has about this?

KW: "It's still a very new industry, so I would expect that it's going to continue to grow. I checked this morning, and there were 271 active licenses. But when I took another look at what was in the queue, there's almost 200 more permits that are in some process of review and approval. There's a lot of reason to think that the industry's going to continue to grow,

we just don't know right now how much and for how long it will continue to grow. We do need to keep in the back of our minds that it's a very, very small component of the state's economy, and that I don't see changing. It's always going to be a very small part of our economy, but that doesn't mean it isn't ultimately going to be a very important component."

Kirsten Swann, Alaska Public Media - Anchorage

Kirsten Swann is a producer and reporter for Alaska Public Media.

Current Statewide Data

- There are currently 274 Marijuana Licenses operating statewide.
 - 77 *Retail*
 - 96 *Standard Cultivation*
 - 72 *Limited Cultivation*
 - 20 *Product manufacture*
 - 6 *Concentrate manufacture*
 - 3 *testing*
- Additionally 39 are Active – Pending Inspection. Majority are cultivation.
- Compare: 1,900 alcohol licenses in Alaska.
- Compare: 6 types of Marijuana licenses – 22 types of Alcohol licenses

Statewide Taxation

- The initial tax was \$50 per ounce of marijuana. This tax is assessed at the cultivation level.
- Effective January 2019:
 - *Mature bud/flower are taxed at \$50 per ounce;*
 - *Immature or abnormal bud is taxed at \$25 per ounce*
 - *Trim is taxed at \$15 per ounce*
- October 2016 \$10,400 was collected.
- September 2018 \$1,540,427 was collected.
 - *Compare Alcohol Tax = \$9,575,361*
- From inception \$17,234,626 has been collected

Source:

<http://tax.alaska.gov/programs/programs/reports/monthly/Marijuana.aspx?ReportDate=9/2018>

Statewide

- AMCO has a “seed to sale” tracking system that monitors all marijuana products until sold to the ultimate consumer.
- From that system the Director has reported: Total Retail sales from inception to Nov 2018 of **\$176,307,216**.
- Sales in 2018 = \$117,055,159

- Source: <https://www.commerce.alaska.gov/web/Portals/9/pub/MCB/Minutes/2018/12.19/Tab2.pdf>

Fairbanks, borough residents to vote on pot industry bans

Originally published October 1, 2017 at 11:37 pm Updated October 2, 2017 at 3:56 am

By [The Associated Press](#)

The Associated Press

FAIRBANKS, Alaska (AP) — Propositions to shut down the marijuana industry in Fairbanks and the Fairbanks North Star Borough will appear on voters' ballots this week.

Tuesday's local elections for the city and borough have propositions to shut down marijuana retailers, cultivators, testing facilities and other marijuana businesses, The Daily News-Miner reported.

Fairbanks city voters will have Proposition A on their ballots but won't get to vote on the borough's Proposition 1. The borough ballot measure is available for residents living in the borough but outside the cities of Fairbanks and North Pole.

The city of North Pole and some other Alaska communities blocked the marijuana industry before it could open for business, using a provision contained in the 2014 statewide ballot measure. But if the Fairbanks or North Star Borough propositions pass, it would be the first termination of legal cannabis businesses in the state.

A business would have 90 days to close if one the measures pass in its jurisdiction. Personal use and home-grow marijuana would still be legal under either ban, said Jim Ostlind of Salcha, who spearheaded the borough's proposition. **Former Fairbanks City Councilwoman Vivian Stiver started the city's proposition.**

Four pot shops operate in Fairbanks and three in the borough, with more than a dozen cultivators operating. There also is a cannabis concentrates manufacturer.

Proponents of the propositions argue that the businesses are encroaching on residential areas and that they bring unpleasant odors to neighborhoods, encourage teen use by normalizing marijuana and attract crime.

Opponents of the measures are touting job creation, tax revenue, freedom and safe places to buy marijuana.

Information from: Fairbanks (Alaska) Daily News-Miner, <http://www.newsminer.com>

Backers of Fairbanks commercial cannabis bans miss petition deadlines

Author: [Laurel Andrews](#)

Updated: July 20, 2016

Published July 20, 2016

Fairbanks voters won't decide this year whether to ban commercial marijuana.

Sponsors of two petitions, one for the city of Fairbanks and the other for the Fairbanks North Star Borough, both missed their deadlines to put the question of banning commercial marijuana on the October ballot, saying they hadn't gathered enough signatures in time.

Both sponsors said they plan to continue collecting signatures to bring the question to voters in 2017.

Vivian Stiver, sponsor for the city of Fairbanks petition, said her group came about 170 signatures short of the 519 required by a July 19 deadline. She said they began collecting signatures only three weeks before the deadline.

Earlier, a borough petition also failed to gather enough signatures for a July 8 deadline. Jim Ostlind, the petition sponsor who has started a group called Drug Free Fairbanks, said they needed 600 to 700 more signatures to reach the required 1,994.

They too will continue gathering signatures until their next deadline in September, Ostlind said.

Sponsors of both petitions said rainy weather hindered their signature-collection efforts in early July.

"One of our biggest problems was a really nasty Fourth of July weekend ... so we were counting on that three-day weekend to get a lot of signatures and we didn't get very many," said Ostlind.

Should the groups collect the required signatures, the proposed bans would end up on the October 2017 ballot. By that time, marijuana retail stores will be up and running alongside growers and manufacturers.

"If at that point people are unhappy with (the industry), they'll have a way to deal with it," Ostlind said.

A third petition is still circulating in the city of North Pole, city clerk Kathy Weber said. Sponsors have until July 27 to get it on this year's ballot and needed only four more signatures when they turned in initial documents on Monday, she said.

About 100,000 people live within the Fairbanks North Star Borough. Of those, 30,000 live within Fairbanks city limits and 2,000 in North Pole.