

# Report Highlights

## Why DLA Performed This Audit

The audit was performed to determine if there is a continued need for the board and whether its termination date should be extended. The board is set to sunset on June 30, 2024, and will have one year from that date to conclude its administrative operations.

## What the Legislative Auditor Recommends

1. AMCO's director should establish procedures to ensure handler permit documentation is properly maintained.
2. The MCB and AMCO's director should continue to implement a new license and enforcement information system.
3. The legislature should consider requiring regulation changes be approved by the majority of MCB members.

# A Sunset Review of the Department of Commerce, Community, and Economic Development, Marijuana Control Board

October 30, 2023

Audit Control Number 08-20137-24

## REPORT CONCLUSIONS

Overall, the audit concluded that the Marijuana Control Board (MCB *or* board) served the public's interest by holding its meetings in compliance with state law, actively amending regulations, and conducting investigations in a timely manner. The audit also concluded that licenses were issued in accordance with statutes and regulations; however, applications were not processed in a timely manner. Additionally, Alcohol and Marijuana Control Office (AMCO) staff did not maintain adequate documentation to show compliance with marijuana handler permit laws.

The audit identified one instance that regulations were approved with two "yay" votes. Although approving regulations with only two votes of the five-member board was permissible under state law, the audit questions whether the action was in the public's best interests. Additionally, the audit noted deficiencies in the tracking of enforcement activities by AMCO staff. Further, the audit reports that, as of April 2023, 59 delinquent marijuana taxpayers collectively owed \$3.1 million in taxes.

As part of the audit, a survey was sent to 319 marijuana licensees; 112 fully responded (response rate of 35 percent). Sixty-three percent of respondents rated the MCB's overall effectiveness in serving the public's interest as "effective" or "very effective".

In accordance with AS 44.66.010(a)(13), the MCB is scheduled to terminate on June 30, 2024. We recommend the legislature extend the board's termination date three years, to June 30, 2027, which is significantly less than the eight-year maximum allowed in statute. The three-year extension



## REPORT CONCLUSIONS (Continued)

recommendation is made in recognition that a report issued by the governor's Advisory Task Force on Recreational Marijuana may lead to significant changes to MCB and AMCO duties, and a new information system, which is expected to be implemented by the end of 2023, would significantly change MCB's licensing and enforcement processes. A three-year extension would allow for a timely evaluation of the substantial changes. Further, a three-year extension would align the MCB's next sunset review with the Alcoholic Beverage Control Board's sunset review and allow a comprehensive review of AMCO's support to both boards.

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

### Division of Legislative Audit



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November 27, 2023

Members of the Legislative Budget  
and Audit Committee:

In accordance with the provisions of Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Marijuana Control Board and the attached report is submitted for your review.

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT  
MARIJUANA CONTROL BOARD  
SUNSET REVIEW  
October 30, 2023

Audit Control Number  
08-20137-24

The audit was conducted as required by AS 44.66.050(a). Per AS 44.66.010(a)(13), the Marijuana Control Board (board) is scheduled to terminate on June 30, 2024. We recommend the legislature extend the board's termination date three years, to June 30, 2027.

The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Fieldwork procedures utilized in the course of developing the findings and recommendations presented in this report are discussed in the Objectives, Scope, and Methodology.

A handwritten signature in black ink, appearing to read "Kris Curtis".

Kris Curtis, CPA, CISA  
Legislative Auditor