

**ALASKA STATE LEGISLATURE**  
**SENATE STATE AFFAIRS STANDING COMMITTEE**

March 5, 2015

9:01 a.m.

**MEMBERS PRESENT**

Senator Bill Stoltze, Chair  
Senator John Coghill, Vice Chair  
Senator Charlie Huggins  
Senator Bill Wielechowski

**MEMBERS ABSENT**

Senator Lesil McGuire

**COMMITTEE CALENDAR**

SENATE BILL NO. 62

"An Act relating to the regulation of marijuana, marijuana testing, marijuana products, and marijuana accessories; relating to the licensing of marijuana retailers, producers, processors, boutique producers, brokers, and home growers; relating to taxation of marijuana; and providing for an effective date."

- HEARD AND HELD

SENATE BILL NO. 24

"An Act relating to the applicability of the Legislative Ethics Act to legislative interns, legislative volunteers, consultants, independent contractors, sole proprietorships, and other legal entities."

- SCHEDULED BUT NOT HEARD

SENATE BILL NO. 4

"An Act relating to disclosures required by the Legislative Ethics Act."

- SCHEDULED BUT NOT HEARD

CONFIRMATION HEARINGS

Alaska Police Standards Council  
Rebecca Hamon

Gustaf Sandahl

- CONFIRMATIONS ADVANCED

**PREVIOUS COMMITTEE ACTION**

BILL: SB 62

SHORT TITLE: REGULATION OF MARIJUANA BUSINESSES; BOARD

SPONSOR(s): JUDICIARY

02/25/15	(S)	READ THE FIRST TIME - REFERRALS
02/25/15	(S)	STA, L&C, FIN
03/05/15	(S)	STA AT 9:00 AM BUTROVICH 205

**WITNESS REGISTER**

GUSTAF SANDAHL, Appointee  
Alaska Police Standards Council  
Kenai, Alaska

**POSITION STATEMENT:** Provided information related to his confirmation hearing.

REBECCA HAMON, Appointee  
Alaska Police Standards Council  
King Salmon, Alaska

**POSITION STATEMENT:** Provided information related to her confirmation hearing.

CHAD HUTCHISON, Staff  
Senator John Coghill  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Explained SB 62 on behalf of the sponsor.

DR. TIM HINTERBERGER, Member  
Campaign to Regulate Marijuana Like Alcohol  
Anchorage, Alaska

**POSITION STATEMENT:** Recommended changes to SB 62.

BRUCE SCHULTE, Board Member  
Coalition for Responsible Campus Legislation  
Anchorage, Alaska

**POSITION STATEMENT:** Suggested changes to SB 62.

**ACTION NARRATIVE**

9:01:30 AM

**CHAIR BILL STOLTZE** called the Senate State Affairs Standing Committee meeting to order at 9:01 a.m. Present at the call to order were Senators Wielechowski, Coghill, Huggins, and Chair Stoltze. He announced the agenda.

### Confirmation Hearings

#### Alaska Police Standards Council

Rebecca Hamon  
Gustaf Sandahl

[9:02:31 AM](#)

CHAIR STOLTZE announced the confirmation hearings for the Alaska Police Standards Council.

[9:03:10 AM](#)

GUSTAF SANDAHL, Appointee, Alaska Police Standards Council, provided information related to his confirmation hearing. He said that he is currently the Chief of Police in Kenai and has over 19 years of law enforcement experience in Alaska. He stated that he was honored to be asked to serve a second term on the Council. It is an important role to help ensure appropriate standards for law enforcement.

CHAIR STOLTZE asked for an explanation of his duties.

[9:04:48 AM](#)

MR. SANDAHL explained his experience in law enforcement and his role on the Council looking into police officer misconduct and determining whether certifications should be revoked. He said the Council meets twice a year and also looks at regulation changes.

[9:06:45 AM](#)

CHAIR STOLTZE asked about the Board.

MR. SANDAHL replied that the Board is made up of 13 members; four municipal police chiefs, the Commissioner of Public Safety or designee, Commissioner of the Department of Corrections, several public members, and the director, training coordinator, and administrative assistant of the Council.

CHAIR STOLTZE asked for an explanation of the funding.

MR. SANDAHL said funding comes from surcharges on tickets and misdemeanor and felony offenses.

[9:08:15 AM](#)

CHAIR STOLTZE inquired about cross-licensing between departments.

MR. SANDAHL said that issue is under the director of the Alaska Police Standards Council.

SENATOR HUGGINS noted Mr. Sandahl's previous board experience and asked what important issues occurred in 2014.

MR. SANDAHL specified that there were several cases of misconduct and proposed changes to regulations.

[9:11:21 AM](#)

CHAIR STOLTZE thanked Mr. Sandahl.

[9:13:36 AM](#)

REBECCA HAMON, Appointee, Alaska Police Standards Council, provided information related to her confirmation hearing. She said that she is the village advocate and legal advocate for Safe and Fear-Free Environment in Dillingham, which offers advocacy to victims of domestic violence and sexual assault. She said she is very involved in those issues. She concluded that serving on the Council has been very interesting and enlightening regarding law enforcement issues.

[9:15:43 AM](#)

CHAIR STOLTZE asked about victims' rights as provided for in the state constitution.

MS. HAMON said there is a lot of attention on victims' rights issues, but it varies from department to department. There is an attempt to develop a team approach.

[9:17:37 AM](#)

CHAIR STOLTZE could tell Ms. Hamon understood Article 1, Section 24.

SENATOR HUGGINS noted Ms. Hamon has been on the Council since 2011.

MS. HAMON agreed.

SENATOR HUGGINS asked about her contributions to the Council.

MS. HAMON stated that the first year was spend learning about the Council and police standards. She said she devoted a lot of attention to cases that involve victims.

[9:20:14 AM](#)

SENATOR HUGGINS asked about the district court caseloads and interactions.

MS. HAMON described typical caseloads and spoke of trials and spoke of the support she provides to the assistant district attorney.

SENATOR HUGGINS thanked Ms. Hamon.

CHAIR STOLTZE voiced appreciation for those who work for victims' rights. He thanked Ms. Hamon.

[9:23:35 AM](#)

CHAIR STOLTZE announced that the names of the nominees will be forwarded to the joint session "with the standard language on the appointment forms."

[9:24:01 AM](#)

At ease.

**SB 62-REGULATION OF MARIJUANA BUSINESSES; BOARD**

[9:24:21 AM](#)

CHAIR STOLTZE announced the consideration of SB 62.

[9:24:33 AM](#)

SENATOR COGHILL explained that SB 62 is a product of the Senate Judiciary Committee. The issues presented by Ballot Measure 2 are how to deal with the penalties of misuse and how to regulate the marijuana industry, which is what SB 62 addresses. He noted that the federal government considers marijuana a schedule 1 drug - a controlled substance.

[9:26:38 AM](#)

CHAD HUTCHISON, Staff, Senator John Coghill, Alaska State Legislature, explained SB 62 on behalf of the sponsor. He said SB 62 deals with the commercial marijuana industry and has two major focuses, to protect young people and to eliminate the black market.

[9:28:25 AM](#)

MR. HUTCHISON began by explaining that Ballot Measure 2 provides that the marijuana industry is now a legitimate taxpaying business and marijuana must be labelled to ensure that consumers are informed and protected. He listed the provisions available to persons 21 years of age or older and the restrictions on marijuana use in public places.

[9:29:49 AM](#)

MR. HUTCHISON addressed marijuana-related facilities and establishments, which all must have current, valid registration.

[9:31:01 AM](#)

MR. HUTCHISON discussed rulemaking deadlines as they apply to marijuana. For example, the board has nine months to implement regulations related to chapter 38, the marijuana provision, such as civil penalties, labelling requirements, and security requirements. The board has one year from February 24, 2015 to begin accepting and processing applications for registration. Also, 45 to 90 days after receiving an application the board must issue annual registration or notification of denial.

MR. HUTCHISON reviewed local participation and control options. For example, local governments may prohibit establishments, enact ordinances, and establish operating fees and civil penalties. They may also create local regulatory authority.

[9:33:35 AM](#)

CHAIR STOLTZE asked Mr. Hutchison to explain the parameters of local control.

MR. HUTCHISON explained that the bill provides local control authority much like the alcohol provisions that currently exist regarding wet and dry communities. About one-third of Colorado's counties have decided not to have marijuana establishments.

CHAIR STOLTZE summarized that it would be legal to possess and use, but the local government could control whether or not it could be manufactured.

MR. HUTCHISON answered yes.

MR. HUTCHISON reviewed that the Ravin Decision is unaffected by SB 62, as are the marijuana DUI and medical use laws. Employers may still restrict use in the workplace and private property owners/occupiers and public facilities may prohibit or regulate marijuana on their property.

[9:35:38 AM](#)

MR. HUTCHISON addressed how taxes are assessed on marijuana businesses. The Department of Revenue will excise a tax of \$50 per ounce when sold or transferred from a cultivation facility to a retail store and records must be kept of the transactions. These provisions will help to diminish the black market.

[9:36:43 AM](#)

CHAIR STOLTZE said it would be safer for all people.

MR. HUTCHISON agreed.

CHAIR STOLTZE asked if local governments are limited from also charging taxes.

MR. HUTCHISON replied that they can charge municipal taxes at the retail level.

CHAIR STOLTZE asked if there were any Title 29 restrictions that applied.

MR. HUTCHISON said he is not aware of any.

CHAIR STOLTZE he compared it to the alcohol industry, which has some Title 29 restrictions.

MR. HUTCHISON offered to get back to the committee on that.

[9:38:13 AM](#)

MR. HUTCHISON turned to the state's involvement with the initiative. The legislature has broad power to amend the initiative and various related laws. Departments can promulgate regulations.

MR. HUTCHISON listed the number of bills Ballot Measure 2 has spawned. He noted there is also a companion bill to SB 62.

[9:39:28 AM](#)

MR. HUTCHISON began a sectional analysis of SB 62. Section 1 deals with the inspection and certification of marijuana testing facilities, which is done through the Department of Environmental Conservation. The intent is to have samples of marijuana sent to the facility for testing.

He explained that Section 2 deals with marijuana accessories. Section 3 deals with limitations on advertising. It will ensure

that there is no advertising to minors. Section 4 says the board is required to adopt regulations for commercial licenses.

CHAIR STOLTZE asked Mr. Hutchison to describe the board's requirements.

MR. HUTCHISON clarified that he is referring to the Marijuana Control Board, if it is approved, or the Alcohol Beverage Control (ABC) Board, which is the current board with presumptive authority.

CHAIR STOLTZE asked if the ABC Board is the default board as named by the initiative sponsors.

MR. HUTCHISON said yes.

[9:41:05 AM](#)

MR. HUTCHISON continued with Section 5 which deals with regulations for packaging and labeling of marijuana for persons that have a marijuana retailer license. It contains child protection elements. Section 6 discusses applications or renewals. Section 7 is the fee payment provision. Section 8 provides that the board has 90 days to issue an annual license.

CHAIR STOLTZE asked whether the 90 days is to issue a license or to make a determination on the issuance of a license.

MR. HUTCHISON answered that it is to issue the license. If a license is not issued, the applicant has the ability to go to a local regulatory authority.

[9:42:48 AM](#)

MR. HUTCHISON related that Section 9 says the board shall consider local municipality numerical limits. It is a local control option.

CHAIR STOLTZE asked if it is similar to alcohol regulations.

MR. HUTCHISON said it is equivalent to the process for determining the number of liquor licenses.

CHAIR STOLTZE asked if a municipality can set up limits based on population numbers.

MR. HUTCHISON suggested asking Ms. Franklin from the ABC Board.

CHAIR STOLTZE thought the target was similar to local control of alcohol licensing.

MR. HUTCHISON answered correct.

[9:44:23 AM](#)

MR. HUTCHISON said that Section 10 provides that marijuana establishments shall disclose where they will operate. Section 11 says a municipality may prohibit a marijuana establishment through enactment of an ordinance or voter initiative. Section 12 says a municipality may enact ordinances that govern the time, place, manner, and number of marijuana establishment operations.

MR. HUTCHISON continued to explain that in Section 13 a municipality may process applications within the boundaries of the municipality if the board fails to adopt regulations. Section 14 allows a municipality the ability to issue, suspend, or revoke a license. Section 15 allows a municipality to establish a schedule for annual licensing, renewal, and application fees to marijuana establishments. Section 16 says an applicant may resubmit their application for license to a local regulatory authority if the board does not issue a license after May 24, 2016, and does not provide reason/notice of denial.

[9:46:39 AM](#)

MR. HUTCHISON said Section 17 says if the board does not adopt regulations on time, the local regulatory authority may issue an annual license. Section 18 says a local regulatory authority shall issue a license within 90 days after they receive an application. Section 19 says a license issued by a municipality shall have the same force and effect as the license issued by the board. Section 20 provides that AS 17.38.110(j) is amended to read that a renewed license, issued by a municipality, may be issued on an annual basis upon resubmission to the municipality.

MR. HUTCHISON turned to Section 21 which states that a renewed license may be issued by a local regulatory authority. He said Section 22 is the area people are most interested in because it deals with types of licenses: (1) producer license; (2) processor license; (3) retailer license; (4) boutique producer license; (5) broker license; and (6) home-grower license, testing, notice provisions, license procedures.

[9:49:16 AM](#)

MR. HUTCHISON reviewed basic licenses and vertical licenses, such as producer/processor/retailer licenses. There is interest

in having a license where one entity provides all three services, hence the vertical license.

MR. HUTCHISON showed a slide that listed all the alcohol industry licenses and predicted there would be a similar number in the marijuana industry.

MR. HUTCHISON went into detail about the marijuana producer license whose facilities are the only premises where more than 50 plants can be grown. They can sell to retailer or processors and they have the state tax obligation of \$50 per ounce sold.

[9:51:37 AM](#)

MR. HUTCHISON described the marijuana processor license for the facility that produces marijuana infused products. It does not have a tax burden.

SENATOR COGHILL asked what tinctures are.

MR. HUTCHISON explained that a tincture is an infused solution.

[9:53:48 AM](#)

SENATOR HUGGINS asked if the state has a claw-back provision if it is losing money on the marketing of marijuana.

MR. HUTCHISON explained that the tax is built into the marijuana produced.

SENATOR HUGGINS restated his question and said he does not want the state to subsidize the industry.

[9:55:50 AM](#)

MR. HUTCHISON replied that they have had those conversations and some believe that will happen at first. The hope is that regulations provide positive results.

CHAIR STOLTZE noted Commissioner Hoffbeck would address that concern.

MR. HUTCHISON explained the marijuana retailer license, which is for a facility from which any individual 21 or older may purchase marijuana. This licensee does not have a state tax burden, but could be responsible for additional municipal taxes.

[9:58:10 AM](#)

MR. HUTCHISON related information about the marijuana boutique producer license. This licensee is permitted to grow not more

than 50 plants at one time and may sell only to a licensed marijuana broker. The tax burden is absorbed by the broker. The license is to encourage legal grows.

CHAIR STOLTZE requested further information on the cost of licenses for comparable industries.

MR. HUTCHISON explained that the board will determine what the licensing fees will be.

SENATOR HUGGINS said it reminds him of legalizing moonshine.

MR. HUTCHISON brought up the problem of trying to eliminate the black market.

CHAIR STOLTZE said there has been a lot of discussion about cottage industries and the possibility of large business involvement.

[10:02:26 AM](#)

MR. HUTCHISON explained provisions related to the home grower in an attempt to eliminate the black market. He noted a unique provision that provides that an individual will obtain a unique ID number that verifies the grower's age and Alaska residency. It is similar to provisions in Colorado.

CHAIR STOLTZE asked if the state has the technology to do the tracking.

MR. HUTCHISON shared Colorado's procedures using radio frequency ID tags and a computer verification system.

He noted that the tax burden for the home grower license is also absorbed by the broker.

CHAIR STOLTZE asked if it would be a public process or a confidential one.

[10:05:16 AM](#)

MR. HUTCHISON said the presumption is that the data is confidential.

CHAIR STOLTZE wished to have an open discussion about it at some point.

[10:06:00 AM](#)

MR. HUTCHINSON discussed the marijuana broker license, which applies to those authorized to purchase any amount of marijuana and marijuana products from licensed processor, boutique producer or home grower and to sell any amount to licensed processor or retailer. It is responsible for the state tax the same as a producer is.

SENATOR COGHILL commented that this is where testing becomes important.

MR. HUTCHISON agreed. He described the producer/processor/retail license, which allows the retailer to exclusively sell their own product. They are liable for the state and municipal tax burdens.

CHAIR STOLTZE said that differs from the regulation of alcohol which prohibits this type of integration.

MR. HUTCHISON agreed.

[10:08:13 AM](#)

MR. HUTCHISON briefly mentioned the producer/processor license which is somewhat the same as the previously mentioned license. He shared the definitions from Sections 23 - 27.

He said Section 28 states that marijuana can be regulated by municipalities; Section 29 discusses the state tax of \$50; Section 30 deals with record keeping by producers and brokers.

CHAIR STOLTZE asked if the metric system would be used in the industry for weights.

MR. HUTCHISON said he is open to suggestions.

CHAIR STOLTZE compared it to measurements of alcohol, such as liters.

[10:10:30 AM](#)

MR. HUTCHINSON said Section 31 deals with penalties for tax deficiencies; Section 32 cleans up definitions; Section 33 lists the statutes that are repealed; Section 34 states that the Act takes effect immediately.

[10:12:08 AM](#)

DR. TIM HINTERBERGER, Member, Campaign to Regulate Marijuana Like Alcohol, addressed recommended changes to SB 62. He voiced appreciation for the work on the bill and the incorporation of

some of the group's ideas. He spoke in support of the inclusion of registration for home growers, boutique producers, and brokers.

He pointed out that he has detailed several concerns in a letter to the committee. The most serious concern is the deletion of AS 17.38.070, which contained comprehensive legal protections for businesses and their employees. There is also concern with the provision limiting the amount that can be sold per day, per person. It would require extensive, intrusive record-keeping and would be illegal under the initiative because individual purchase records cannot be maintained by businesses. There is also concern that the licensing fees would increase the total amount of the maximum application fee to beyond \$5,000. There is also concern about revoking or suspending registration because it is excessively burdensome on businesses.

He pointed out that it is clear the sponsor is aware of the goal of the initiative is to eliminate the black market industry. Burdensome regulations will make it more difficult to meet that goal.

10:15:30 AM

DR. HINTERBERGER proposed several changes to the current version of SB 62. He said the current version of the bill deletes the quote "notwithstanding" in the paraphernalia provisions, which is an important protection for users. It also uses broad language in Section 3 regarding banning advertising and packaging that may be enticing to minors. He said he supports reasonable restrictions on advertising and efforts to prevent advertising from targeting minors.

He also noted that the current version of the bill changes "registration" to "license" throughout. The word registration was carefully chosen in light of court decisions on federal preemption. It also increases the total application fees beyond the \$5,000 cap stated in the initiative and it requires rather than allows, a municipality to establish local licensing fees. That should be optional.

He continued to say that the bill limits the amount that retailers can sell per day to adults, illegally requiring intrusive record-keeping. To protect personal privacy, Measure 2 prohibits regulations from requiring retailers to collect and record personal information about their consumers.

10:18:20 AM

DR. HINTERBERGER continued to specify changes, noting the requirement of retailers to be closed from midnight to 8:00 a.m. He pointed out that bars do not have those restrictions. Hours of operation are best left to the regulatory board or localities. SB 62 forbids retailers from selling to other licensees. They should not be prohibited from selling excess inventory to other retailers. The bill says that a marijuana processor cannot sell to a broker, but a broker may buy marijuana from a processor, which seems like a contradiction.

He addressed community notices in the bill, which he deemed excessive, especially for home growers. It says each application and transfer would have to be posted at the proposed location, which is unnecessary and would put small-scale growers at risk for theft. Also, it would allow a black market grower to protest the application of a regulated business. Similarly, SB 62 says the board may require three weeks of paid notices in newspapers for applicants and would be extremely costly. It says the board "shall suspend or revoke" a license if it finds the continued sale or manufacture of marijuana by the licensee would be contrary to "the best interests of the public." He termed that vague and overly broad language. He maintained that licensees need notice of the rules and what is not permitted and should not be subject to personal judgement of the board.

[10:20:59 AM](#)

DR. HINTERBERGER continued to specify changes. He said SB 62 says the board "shall suspend or revoke a licensee" if it finds that the licensee has failed to correct a defect that is in violation of "other applicable law." Given that marijuana cultivation and sales violate federal law, this should be revised to clearly apply only to state law. He noted that in several places SB 62 says that a suspension or revocation of a regulation "is required" by the board. It should say a revocation "should be allowed." He stressed that the board should have discretion to impose a reasonable penalty rather than be forced to suspend or revoke a license.

He maintained that SB 62 grants the board overly broad authority to "impose conditions or restrictions on a license." SB 62 says that only a licensee may have a direct or indirect financial interest in a license, which would create unnecessary obstacles to raising capital. SB 62 repeals comprehensive legal protections for marijuana establishments and their staff and replacing them with language that is problematic. He said that the bill was crafted to make marijuana establishments and their staff's conduct lawful and exempt from criminal penalties under

state law. This proposal would delete such comprehensive legal protections and replace them with sections "authorizing conduct." This would make the law more susceptible to a preemption challenge.

He offered to answer questions.

10:23:11 AM

CHAIR STOLTZE announced that SB 24 and SB 4 would not be heard today.

10:25:35 AM

BRUCE SCHULTE, Board Member, Coalition for Responsible Campus Legislation, testified on SB 62. He voiced appreciation for the efforts of committee members and staff on the bill. He noted he has submitted written comments. He first discussed an item he supports, such as the addition of more license categories, especially the integrated licenses. He said he can envision the need for more licenses in the future and suggested defining a broader framework for the licenses.

10:28:00 AM

MR. SCHULTE opined that confidentiality is an important consideration regarding record-keeping and reporting.

CHAIR STOLTZE asked to what degree he was considering privacy.

MR. SCHULTE specified that he was thinking of the requirements for reporting and record-keeping, not licensing.

CHAIR STOLTZE noted community concerns about reporting.

MR. SCHULTE suggested there could be a balance.

CHAIR STOLTZE asked if the state or local communities should determine privacy conditions.

MR. SCHULTE said he thought it should be up to local communities.

10:30:23 AM

MR. SCHULTE turned to the topic of revenue sharing. He provided a suggestion to retain the provision in the initiative that 50 percent of the application fee be given to the municipalities. He thought that removing that provision would increase the total cost of licensing application fees above \$5,000.

MR. SCHULTE addressed the stipulation that a municipality shall establish both a regulatory board and regulations. He suggested that be optional and hoped the state regulations would be adequate.

He echoed Dr. Hinterberger's opposition to limiting the one ounce limit at the retail level.

CHAIR STOLTZE asked if he had an opinion about the use of the metric system for measurements.

[10:33:40 AM](#)

MR. SCHULTE replied that historically marijuana has been sold in ounces and grams.

CHAIR STOLTZE countered that doses of THC are measured in milligrams.

MR. SCHULTE said that is correct for purposes of measuring for potency and for labeling; for marketing and commerce purposes, it is typically ounces and grams.

CHAIR STOLTZE said his concern is for regulation, taxing, etc. He said Colorado has the ounce-per-day limit for retailers. He wondered if Mr. Schulte disagreed with that.

[10:35:06 AM](#)

MR. SCHULTE answered that Colorado has a good model, however, it is problematic to actually put that provision in place. In order to guarantee that one individual is not buying more than one ounce per day, onerous, intrusive record-keeping would be needed.

CHAIR STOLTZE contrasted that with alcohol requirements. He asked if marijuana has any parallels to those.

MR. SCHULTE said not that he is aware of.

CHAIR STOLTZE said he was defaulting to "regulate it like alcohol."

MR. SCHULTE said he does not dispute that. He noted that inebriates are recognizable, whereas stoned persons do not present the same dynamic.

[10:37:06 AM](#)

CHAIR STOLTZE summarized his concern.

MR. SCHULTE agreed it was a valid concern.

He continued with a concern about the board's ability to deny a license under many circumstances. He agreed that some circumstances would merit denial, however, the wording "shall" limits the board from applying other sanctions. He also maintained that the wording "not in the best interests of the public" is too vague.

CHAIR STOLTZE agreed it is subjective.

MR. SCHULTE hoped that the statutes would define an overall regulatory environment and leave some of the detail to the regulatory board.

[10:39:49 AM](#)

MR. SCHULTE addressed a concern regarding prohibitive financial interest. He said Alaska-based businesses support the intent of keeping the business in Alaska, but there are situations where out-of-state investors will be involved. He provided an example of the expense of a testing lab and the potential need for outside investors. He said he does not have a specific recommendation for changing this provision.

MR. SCHULTE noted a concern during the campaign to keep "big marijuana" out of the Alaska industry. He said he supports that but also recognizes the need for adequate financing. He pointed out that interstate commerce regulations may impact this section of the bill.

[10:42:32 AM](#)

SENATOR COGHILL opined that financing is an issue, as is interstate commerce and transportation, when planning a regulatory scheme.

CHAIR STOLTZE asked if there should be an economic value attached to licenses and whether they should be transferrable.

[10:43:36 AM](#)

MR. SCHULTE answered that marijuana licensing should not be like alcohol licensing, due to potential expense.

CHAIR STOLTZE asked if the initiative has an intent to limit or prohibit licenses from being owned outside Alaska.

MR. SCHULTE could not recall seeing that specific provision in the initiative. He said he is speaking from an industry perspective.

CHAIR STOLTZE thought the intent was to have Alaska-based businesses.

10:45:16 AM

SENATOR WIELECHOWSKI stated that it should be for Alaska businesses and Alaska residents.

SENATOR HUGGINS asked if pilots and others should be prohibited from buying marijuana.

MR. SCHULTE answered that he is a commercial pilot and recognizes the limits in respect to marijuana use required by his employment. He maintained it is up to the individual, not the retailer. It is a personal choice.

Responding to a previous question, Mr. Schulte defined tincture as a diluted form of hash oil. He said it is often found in medical applications. He referred to a special on CNN on the topic of tinctures.

10:48:07 AM

CHAIR STOLTZE asked Mr. Schulte to provide commentary at a later date on insurance, as it relates to the marijuana industry.

CHAIR STOLTZE held SB 62 in committee.

10:49:22 AM

There being no further business to come before the committee, Chair Stoltze adjourned the Senate State Affairs Standing Committee hearing at 10:49 a.m.