

Date: 03/23/2023

To: Alaska Legislature - House Labor & Commerce Committee  
Representative Jesse Sumner (Chair)  
Representative Justin Ruffridge (Vice Chair)

From: Governor's Task Force on Recreational Marijuana  
Jana Weltzin (Co-Chair) & Brandon Emmett (Co-Chair)

Re: Suggested Changes to HB 119 Marijuana Tax - An Act relating to  
marijuana taxes; and providing for an effective date.

Honorable members of the House Labor & Commerce Committee,

The Governor's task force on recreational marijuana met on Thursday March 23<sup>rd</sup>. The following suggested changes to HB 119 were reviewed and approved by the task force and are included below for your consideration.

**(Section 3) Pgs. 1,2, Appropriations:**

Because the three allocations of 33% each add up to 99%, there is a missing 1 percent. Please consider appropriating any additional remaining funds to the general fund. Additionally, Line 7 on page two should remove the words "not more than". This provision is unenforceable because the legislature retains the power of appropriation. If this section proves to be problematic because it is in conflict with the legislature's power of appropriation, *please consider reverting back to the original appropriation language listed in AS 43.61.010(f).*

**(Section 4) Pg. 2, Lines 19 & 20:**

"Intended for human consumption" *should be removed.*

Justification:

All marijuana products should be taxed, including those that may be for topical applications.

**(Section 5) Pg. 2, Lines 22 to 28:**

Please consider reworking this paragraph to define quarterly payments and not monthly payments. Please also consider the due dates for the report and payment to be due on or before the last day of the month following the preceding quarter – this request is intended to only apply when the retail tax is implemented.

Justification:

Because a large majority relies on operating in cash only, monthly remittance of taxes creates an unnecessary burden on the businesses. There is currently only one drop box location for tax payments in the state, in Anchorage. Requiring monthly payments, and monthly trips to Anchorage, is especially burdensome on businesses in our rural communities. Changing to a quarterly payment system is more in line with how municipalities collect sales tax.

*Division of Revenue and AMCO have concerns relating to the task force's recommendation above and therefore we do feel that it is appropriate that the Sponsor of the bill consult with Division of Revenue and AMCO prior to making any amendments to the bill to reflect the request above.*

**(Section 5) Pg. 2, Line 29:**

“the total number of ounces, including fractional ounces, sold and” should be removed.

**Justification:**

The sales tax calculation is based on the value of the marijuana sold, not the weight. Additionally, if capturing weights and quantities is important to the State for reporting purposes, all of that data can be obtained through the States seed to sale tracking program, METRC.

*Task Force adopts to remove the language from above recommendation.*

**(Section 5) Pg. 3, Lines 4 to 8:**

Same comment as above, related to quarterly payments. Same justification. The payment report dates and the payment due dates should be the same. The Department of Revenue should have access to METRC sales data and should be able to easily audit what was reported and remitted.

*Division of Revenue and AMCO have concerns relating to the task force’s recommendation above and therefore we do feel that it is appropriate that the Sponsor of the bill consult with Division of Revenue and AMCO prior to making any amendments to the bill to reflect the request above.*

**(Section 5) Pg. 3, Line 18:**

The date for repealing AS 43.61.010(c) and 43.61.010 (b) should be implemented as soon as practicable, based on when the Department of Revenue can implement the new tax. Please consider January 2025 at the latest, depending on input from DOR.

*Task Force heard from Department of Revenue. The Task Force will amend recommendation to add an effective date of January 1<sup>st</sup>, 2025 and that to reference line 24, section 10 4-6.*

*Ryan Tunseth motions to add transition language, that the Task Force is aware of the duplicative taxing and this is permissible.*

*Motion unanimously passed.*

Thank you for your consideration of our comments. Please reach out to me if you have any questions or concerns about this letter. We are honored to serve the Governor and the Legislature on Task Force for Recreational Marijuana.

Highest Regards,

Brandon Emmett & Jana Weltzin  
Co-Chairs, Task Force on Recreational Marijuana