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 (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 23rd. 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 legislatures 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 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.

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.

**(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.

**(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.

**(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.

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,

Jana Weltzin

Chair, Task Force on Recreational Marijuana