

**Alaska Marijuana
Control Board**

**Resolution Requesting Restructuring of Tax for Commercial Marijuana
Market**

WHEREAS, it is to the State of Alaska's economic benefit to receive tax revenue from all marijuana and products derived from the marijuana plant by licensed facilities; and

WHEREAS, in a mature industry, there are many different products derived from the marijuana plant and the current tax structure does not adequately capture the value of those products; and

WHEREAS, the Marijuana Control Board requests that the Legislature amend AS 43.61.010 to incorporate a retail sales tax structure to replace the current inflexible cultivation tax structure that does not move with the market's ebbs and flows, currently codified in AS 43.61.010.

RESOLVED, the Marijuana Control Board requests that the State of Alaska legislature restructure the marijuana tax as described herein.

Chapter 43.61 EXCISE TAX ON MARIJUANA

Sec. 43.61.010. Marijuana tax.

(a) A tax is hereby imposed upon the retail sale of marijuana items derived in part or in whole from the marijuana plant in the state of Alaska. The tax imposed by this section is a direct tax on the consumer, for which payment upon retail sale is required. The tax is considered a tax upon the marijuana retailer that is required to collect the tax, and the marijuana retailer is considered a taxpayer. The tax shall be collected at the point of sale of a marijuana item by a marijuana retailer at the time at which the retail sale occurs. [AN

EXCISE TAX IS IMPOSED ON THE SALE OR TRANSFER OF MARIJUANA FROM A MARIJUANA CULTIVATION FACILITY TO A RETAIL MARIJUANA STORE OR MARIJUANA PRODUCT MANUFACTURING FACILITY. EVERY MARIJUANA CULTIVATION FACILITY SHALL PAY AN EXCISE TAX AT THE RATE OF \$50 PER OUNCE, OR PROPORTIONATE PART THEREOF, ON MARIJUANA THAT IS SOLD OR TRANSFERRED FROM A MARIJUANA CULTIVATION FACILITY TO A RETAIL MARIJUANA STORE OR MARIJUANA PRODUCT MANUFACTURING FACILITY.]

(b) The tax imposed under this section shall be imposed at the rate of: [THE DEPARTMENT MAY EXEMPT CERTAIN PARTS OF THE MARIJUANA PLANT FROM THE EXCISE TAX DESCRIBED IN (A) OF THIS SECTION OR MAY ESTABLISH A RATE LOWER THAN \$50 PER OUNCE FOR CERTAIN PARTS OF THE MARIJUANA PLANT.]

(1) 12 percent of the retail sales price of marijuana trim;

(2) 12 percent of the retail sales price of marijuana flowers;

(3) 12 percent of the retail sales price of immature marijuana plants;

(4) 12 percent of the retail sales price of a cannabinoid edible;

(5) 12 percent of the retail sales price of a cannabinoid concentrate;

(6) 12 percent of the retail sales price of a cannabinoid extract;

(7) 12 percent of the retail sales price of a cannabinoid product that is intended to be used by applying the cannabinoid product to the skin or hair; and

(8) 12 percent of the retail sales price of cannabinoid products other than those described in paragraph (g) of this subsection.

(c) If the tax imposed under this section does not equal an amount calculable to a whole cent, the tax shall be equal to the next higher whole cent.

(d) The amount of the tax shall be separately stated on an invoice, receipt or other similar document that the marijuana retailer provides to the consumer at the time at which the retail sale occurs.

(e) A person may not knowingly sell, purchase, install, transfer or possess electronic devices or software programs for the purposes of:

(1) Hiding or removing records of retail sales of marijuana items; or

(2) Falsifying records of retail sales of items derived in whole or in part from marijuana.

(f) A marijuana retail establishment may not discount a marijuana item or offer a marijuana item for free if the retail sale of the marijuana item is made in conjunction with the retail sale of any other item or take any other action to avoid the tax obligation under this chapter.

(g)(C) The recidivism reduction fund is established in the general fund. The Department of Administration shall separately account for 50 percent of the tax collected under this section and deposit it into the recidivism reduction fund.

(h)[(D)] The Legislature may use the annual estimated balance in the fund to make appropriations to the Department of Corrections, the Department of Health and Social Services, or the Department of Public Safety for recidivism reduction programs.

(i)[(E)] Nothing in this section creates a dedicated fund.

Sec. 43.61.020. Monthly statement and payments. *[Note: changes not yet proposed]*

(a) Each marijuana cultivation facility shall send a statement by mail or electronically to the department on or before the last day of each calendar month. The statement must contain an account of the amount of marijuana sold or transferred to retail marijuana stores and marijuana product manufacturing facilities in the state during the preceding month, setting out

- (1) the total number of ounces, including fractional ounces, sold or transferred;
- (2) the names and Alaska address of each buyer and transferee; and
- (3) the weight of marijuana sold or transferred to the respective buyers or transferees.

(b) The marijuana cultivation facility shall pay monthly to the department, all taxes, computed at the rates prescribed in this chapter, on the respective total quantities of the marijuana sold or transferred during the preceding month. The monthly return shall be filed and the tax paid on or before the last day of each month to cover the preceding month.

Sec. 43.61.030. Administration and enforcement of tax. *[Note: changes not yet proposed]*

(a) Delinquent payments under this chapter shall subject the marijuana cultivation facility to civil penalties under AS 43.05.220.

(b) If a marijuana cultivation facility fails to pay the tax to the state the marijuana cultivation facility's registration may be revoked in accordance with procedures established under AS 17.38.190(a)(1).