

Department of Commerce, Community, and Economic Development

ALCOHOL AND MARIJUANA CONTROL OFFICE 550 West 7th Avenue, Suite 1600 Anchorage, AK 99501 Main: 907.269.0350

MEMORANDUM

TO: Marijuana Control Board DATE: September 11, 2019

FROM: Erika McConnell, Director RE: Delinquent in the Payment of Taxes Due

3 AAC 306.480, Marijuana tax to be paid, states, "A marijuana cultivation facility, including a standard marijuana cultivation facility and a limited marijuana cultivation facility, shall submit monthly reports to the Department of Revenue and pay the excise tax required under AS 43.61.010 and 43.61.020 on all marijuana sold or provided as a sample to a marijuana establishment."

Every month, the Department of Revenue provides AMCO with a list of cultivators who are considered delinquent on their excise tax obligations. AMCO issues a notice of violation to licensees who are delinquent on their tax obligation, as they are in violation of 3 AAC 306.480. To date, AMCO has issued approximately 84 NOVs of tax delinquency.

In late 2018, I served several accusations to licensees who had multiple tax delinquency NOVs. Most of those licensees served with such accusations immediately negotiated a payment plan with the Department of Revenue, so the accusations were withdrawn before a board hearing. The board held one hearing and directed the licensee to get on a payment plan. I have not followed up to see whether the licensees have remained current with their payment plan.

Due to time constraints and other pressing priorities, I have not served any tax accusations recently. However, many licensees continue to be delinquent in their tax obligations. Below is a list of licensees who were reported delinquent in at least four of the first seven months of 2019.

DBA	LICENSE	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19
	#							
ALASKA PRECISION	10040	Yes				Yes	Yes	Yes
ALASKAN BLOOMS, LLC	10073			Yes	Yes	Yes	Yes	Yes
DANISH GARDENS, LLC	10310				Yes	Yes	Yes	Yes
FARMER JACK'S LLC	10142		Yes			Yes	Yes	Yes
GREENSTAR, INC	12872		Yes			Yes	Yes	Yes
KNIK GLACIER GARDENS	13374		Yes	Yes	Yes	Yes	Yes	Yes
PERMAFROST DISTRIBUTORS	11519	Yes		Yes	Yes	Yes	Yes	Yes
RAINFOREST FARMS, LLC	10026	Yes	Yes			Yes	Yes	Yes
STONED SALMON FARMS	11605	Yes						
STONEY CREEK GROWERS, LLC	10122	Yes		Yes		Yes		Yes

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From the Department of Revenue's latest monthly report:

"As of August 26, 2019, there were 19 licensed cultivation facilities that have failed to pay marijuana excise taxes as required under AS 43.61.010. The list below does not include accounts that are compliant on payment plans or out of business. It also does not include accounts that have past due balances under \$200. If we reported the total number of past due accounts, we would report 45 licensed cultivators owing a total of \$1,020,000."

I am seeking some direction from the board on how to address licenses with tax delinquencies.

Please note that some licensees without NOVs in the past year but who are currently tax delinquent may have been renewed for the 2019/2020 licensing period. If the board wishes, I can provide a list at the next meeting of any licenses which have been renewed but are out of compliance on their tax obligations.

Attachment: August 26, 2019 Department of Revenue Report



Department of Revenue

TAX DIVISION

P.O Box 110420 Juneau, Alaska 99811-0420 Main: 907.465.2320 Fax: 907.465.2375

August 26, 2019

Marijuana Control Board Alcohol & Marijuana Control Office 550 W. 7th Avenue, Suite 1600 Anchorage, AK 99501

Re: Failure to pay taxes under AS 43.61.010 by licensed marijuana cultivation facilities

Pursuant to Alaska Statutes and Regulations, AS 43.61.030 and 15 AAC 61.020, the Department of Revenue will inform the Marijuana Control Board of licensed cultivators that have failed to pay tax due or file a return as required by law.

As of August 26, 2019, there were 19 licensed cultivation facilities that have failed to pay marijuana excise taxes as required under AS 43.61.010. The list below does not include accounts that are compliant on payment plans or out of business. It also does not include accounts that have past due balances under \$200. If we reported the total number of past due accounts, we would report 45 licensed cultivators owing a total of \$1,020,000.

AMCO Cultivator Name	License #		
AK Best Buds LLC	14581		
Alaska Cannabis Cultivators	10592		
Alaska Precision	10040		
Alaskan Blooms, LLC	10073		
Alaskan Devils Lettuce	11556		
Alaskan Pharms, LLC	13785		
AlaskaSense, LLC.	10237		
Danish Gardens, LLC	10310		
Down to Earth Farms	13299		
Dream Green Farms	10080		
Fiberflite	13577		
Frontier Grow Labs, LLC	11319		
Goldhill Gardens	10481		
Greenstar, Inc.	12872		
Knik Glacier Gardens	13374		
Rosie Creek Farm	10005		
SE Moog Droog LLC	10814		
Stoned Salmon Farms	11605		
Stoney Creek Growers, LLC	10122		