



During the Marijuana Control Board's (MCB) November 20, 2024, meeting, I was asked to provide information regarding how marijuana excise tax funds are used by departments.

Below are departments and budget components that receive funding from the Recidivism Reduction Fund and the Marijuana Education and Treatment Fund.

- **Department of Corrections**

Community Residential Centers

[Community Residential Centers](#) - Provide confinement and a cultural overlay program within communities to offenders that are committed to the custody of the department.

- **Health and Rehabilitation Services**

[Physical Health Care](#) - Provide essential physical health care for offenders who are committed to the custody of the department.

[Sex Offender Management Program](#) - Provide reformatory programs to offenders.

[Domestic Violence Program](#) - Provide reformatory programs to offenders.

- **Offender Habilitation**

[Education Programs](#) - Provide reformatory programs to offenders.

[Vocational Education Programs](#) - Provide reformatory programs to offenders.

- **Recidivism Reduction Grants**

[Recidivism Reduction Grants](#) - Reduce offender recidivism by providing transitional reentry programs.

- **Department of Health**

Behavioral Health

[Behavioral Health Treatment and Recovery Grants](#) - Protect and improve the quality of life for people who are impacted by mental disorders or illnesses, and/or substance use disorders, by providing

grants to local and regional non-profit community-based organizations and behavioral health centers for treatment and recovery.

[Behavioral Health Administration](#) - To direct and administer the statewide behavioral health service continuum, spanning the full system of programs providing prevention, early intervention, treatment, and recovery.

- **Public Health**

[Chronic Disease Prevention and Health Promotion](#) - Promote healthy behaviors; reduce chronic diseases and injuries along with their risk factors.

- **Department of Public Safety**

Victim Services

[Council on Domestic Violence and Sexual Assault](#) - Prevention efforts so Alaskans can live free from domestic violence and sexual assault.

Below is additional background information related to establishing statutes and potential department budget impacts of tax reform:

Chapter 61. Excise Tax on Marijuana.

Sec. 43.61.010. Marijuana tax.

(a) 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 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.

(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.

(d) The legislature may use the annual estimated balance in the recidivism reduction fund to make appropriations to the Department of Corrections, the Department of Health, or the Department of Public Safety for recidivism reduction programs.

(e) Nothing in this section creates a dedicated fund.

(f) The marijuana education and treatment fund is established in the general fund. In addition to the accounting under (c) of this section, the Department of Administration shall separately account for 25 percent of the tax collected under this section and deposit it into the marijuana education and treatment fund. The Department of Administration shall deposit interest earned on the fund into the general fund. Money in the fund does not lapse. The legislature may use the annual estimated balance in the fund to make appropriations to the Department of Health for the comprehensive marijuana use education and treatment program established under [AS 44.29.020\(a\)\(14\)](#).

House Bill 119: MARIJUANA: TAX/RETAIL STORES/REGISTRATION

[CS for HB 119\(L&C\) am \(2024\)](#), proposed during the 33rd Legislature, modified the marijuana tax structure from a current cultivator tax rate in statute from \$50 per ounce to \$12.50 per ounce. Additionally, the bill proposed changing the tax from its current cultivator tax to a retail sales tax of 7% of the sales price of marijuana products at a retail store.

The Department of Revenue estimated that changing the rate from \$50 per ounce to \$12.50 per ounce and changing to a 7% retail sales tax mid-way through the fiscal year would create an estimated reduction in revenue of \$10.33 million in FY2025.

CHANGE IN REVENUES			FY2025	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
1004	Gen Fund (UGF)		(2,580.0)		(1,720.0)	(1,580.0)	(1,460.0)	(1,330.0)	(1,200.0)
1246	RcdvsmFund (DGF)		(5,170.0)		(3,430.0)	(3,150.0)	(2,910.0)	(2,660.0)	(2,390.0)
1254	MET Fund (DGF)		(2,580.0)		(1,720.0)	(1,580.0)	(1,460.0)	(1,330.0)	(1,200.0)
TOTAL CHANGE IN REVENUES			(10,330.0)	0.0	(6,870.0)	(6,310.0)	(5,830.0)	(5,320.0)	(4,790.0)

The projected revenue reductions are allocated between three funds, per the current statute, at the following percentages:

Recidivism Fund 50%

Marijuana Education and Treatment Fund 25%

Unrestricted General Fund 25%

Based on this estimation, DOC, DOH, and DPS created fiscal notes that outlined the impact of the reduced revenues for each budget allocation:

Department of Corrections

Community Residential Centers

Community Residential Centers

[View Note](#)

Health and Rehabilitation Services

Physical Health Care

[View Note](#)

Sex Offender Management Program

[View Note](#)

Domestic Violence Program

[View Note](#)

Offender Habilitation

Education Programs

[View Note](#)

Vocational Education Programs

[View Note](#)

Recidivism Reduction Grants

Recidivism Reduction Grants

[View Note](#)

Department of Health

Behavioral Health

Behavioral Health Treatment and Recovery Grants

[View Note](#)

Behavioral Health Administration

[View Note](#)

Public Health

Chronic Disease Prevention and Health Promotion

[View Note](#)

Department of Public Safety

Victim Services

Council on Domestic Violence and Sexual Assault

[View Note](#)

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