



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Revenue

TAX DIVISION

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June 6, 2017

Erika McConnell, Director  
Alcohol & Marijuana Control Office  
550 West Seventh Avenue, Suite 1600  
Anchorage, AK 99501

Re: Marijuana Control Board Resolution Requesting Restructuring of Tax on Flower Sold to Manufacturers

Dear Ms. McConnell:

I am writing in response to the Marijuana Control Board's (MCB) recent request for the Department of Revenue (DOR) to restructure the marijuana tax to reduce the tax on flower sold to product or concentrate manufacturers from \$50 per ounce to \$15 per ounce, either by regulation or by seeking a statutory change from the Alaska Legislature.

I regret to inform you that the Department of Revenue under AS 43.65.010(b) does not have the authority to establish different rates for lower quality flowers. The statute only gives DOR the authority to exempt certain parts of the marijuana plant from the statutory rate of \$50 per ounce. The statute does not give DOR the authority to reduce the tax rate based on the quality or intended use of the flower. Currently, different tax rates cannot apply to the same part of the plant being used for different purposes.

The regulation that addresses this issue is 15 AAC 61.100. The regulation sets different tax rates based on the parts of the plant and not intended use or quality of the parts of the plant. It would require a statute change to grant DOR the authority to change the regulations. If the MCB desires a statute change, the MCB should seek the change from the Alaska Legislature directly.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brandon Spanos".

Brandon Spanos  
Deputy Director  
Alaska Department of Revenue, Tax Division  
907-269-6736