

ALASKA STATE LEGISLATURE

Interim – May-December:
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Session – January-April:
State Capitol, Rm. 118
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REPRESENTATIVE GABRIELLE LEDOUX

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Sponsor Statement – House Bill 337

CS Version E

Marijuana Taxes; Excess Possession; Bonds

Since Alaskans voted to legalize marijuana, state and local officials have worked to ensure smooth implementation of the initiative. Public safety has rightly been their primary concern; however, effective revenue collection is another priority to be addressed before commercial cultivation and sale begins. Hence, House Bill 337 was introduced to enhance marijuana tax enforcement by the Department of Revenue.

House Bill 337 addresses marijuana taxes in three substantive ways. First, it establishes a bonding requirement for all marijuana cultivators seeking licensure, which would be forfeited if taxes are not paid.

Second, this bill makes product manufacturers and retailers secondarily liable for marijuana taxes, to ensure inventory comes from a legal, tax-paying source. Licensed businesses would be deterred from selling marijuana purchased from an unlicensed cultivator because of the requirement that they pay taxes on any inventory they cannot prove came from a legal grower.

Finally, it authorizes the Department to assess a tax on marijuana plants that exceed the possession limit for adults not licensed under AS 17.38. More extensive unlicensed marijuana grow operations are typically intended for distribution and present a significant threat to the legal industry. This provision may deter large-scale illegal cultivation with the threat of civil penalties that treat illegal marijuana plants as taxable product.

House Bill 337 has an immediate effective date, with the intent that these new requirements will be in effect by the time that licenses are issued in June of 2016.

Particularly in this fiscal climate, the State should have the tools to maximize its collection ability for existing taxes. By creating a more robust tax framework for marijuana, House Bill 337 would ensure that this goal is met from Day 1 of the commercial industry.