

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: SB 62
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB062-DOA-OAH-03-02-15
Title: REGULATION OF MARIJUANA BUSINESSES;
BOARD
Sponsor: JUDICIARY
Requester: Senate State Affairs

Department: Department of Administration
Appropriation: Centralized Administrative Services
Allocation: Office of Administrative Hearings
OMB Component Number: 2771

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services							
Travel							
Services	10.0		20.0	20.0	20.0	20.0	20.0
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	10.0	0.0	20.0	20.0	20.0	20.0	20.0

Fund Source (Operating Only)

1007 I/A Rcpts	10.0		20.0	20.0	20.0	20.0	20.0
Total	10.0	0.0	20.0	20.0	20.0	20.0	20.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

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Approved By: Sheldon Fisher, Commissioner
Agency: Department of Administration

Phone: (907)269-8170
Date: 03/01/2015 07:30 PM
Date: 03/02/15

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. SB 62

Analysis

This bill would a regulatory and licensing process for marijuana overseen by the Alcoholic Beverage Control Board. Licensing categories are created for marijuana producers, processors, retailers, boutique producers, brokers, and home growers. The Board is given authority to issue, deny, condition, restrict, suspend, or revoke these licenses, and to rule upon transfers of licenses between persons and relocations of licensed premises.

Section 22 of the bill provides that if an application is denied, the applicant has the right to an administrative hearing before the Office of Administrative Hearings (OAH). A right to a similar hearing is also granted in the case of suspensions and revocations, although the bill does not expressly require that these hearings be conducted by OAH. In keeping with current practice of the Alcoholic Beverage Control Board and most other regulatory boards, OAH assumes that these hearings would likewise be referred to OAH.

OAH estimates that the cost of conducting the above hearings would be approximately equivalent to the present cost of conducting the hearings relating to alcoholic beverage licenses as directed in AS 44.64.030(a)(1). In FY 2016, that cost has been \$5.0 per quarter.

OAH is presently operating at or beyond capacity. The additional hearing load of this work alone would not support the creation of a new full-time administrative law judge position. In the absence of a new PCN, OAH will instead contract out hearing responsibilities to contractors as appropriate.

Sections 29-32 of the bill modify but do not appear to expand the excise tax imposed by Ballot Measure 2. Under AS 43.05.405, OAH would hear and decide appeals relating to this tax. However, SB 62 does not appear to modify the tax in a way that would increase that hearing load beyond the increase in tax hearings already inherent in Ballot Measure 2. Accordingly, no portion of this fiscal note relates to tax hearings.