

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 91
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB091CS(STA)-DCCED-AMCO-02-20-26
Title: MARIJUANA: TAX/RETAIL
STORES/REGISTRATION
Sponsor: CARRICK
Requester: (H) FINANCE

Department: Department of Commerce, Community and
Economic Development
Appropriation: Alcohol and Marijuana Control Office
Allocation: Alcohol and Marijuana Control Office
OMB Component Number: 3119

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027 Appropriation Requested	Included in Governor's FY2027 Request	Out-Year Cost Estimates					
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services	255.0		250.0	255.0	250.0	255.0	250.0	250.0
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	255.0	0.0	250.0	255.0	250.0	255.0	250.0	250.0

Fund Source (Operating Only)

1005 GF/Prgm (DGF)	255.0		250.0	255.0	250.0	255.0	250.0
Total	255.0	0.0	250.0	255.0	250.0	255.0	250.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1005 GF/Prgm (DGF)	2,279.5		(2,279.5)	2,279.5	(2,279.5)	2,279.5	(2,279.5)
Total	2,279.5	0.0	(2,279.5)	2,279.5	(2,279.5)	2,279.5	(2,279.5)

Estimated SUPPLEMENTAL (FY2026) cost: 250.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 04/30/27

Why this fiscal note differs from previous version/comments:

Updated amounts for more accurate costs.

Prepared By: Kevin Richard, Director	Phone: (907)269-0351
Division: Alcohol and Marijuana Control Office	Date: 02/20/2026
Approved By: Hannah Lager, Administrative Services Director	Date: 02/20/26
Agency: Department of Commerce, Community, and Economic Development	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB 91 (STA)

Analysis

This legislation moves marijuana licensing registration fees from annually on June 30 of each year to biennially on June 30 of every other year, shifts the tax burden away from marijuana cultivators by imposing on consumers a 6% sales tax for the purchase of marijuana or marijuana products from a retail marijuana store, allows for retail marijuana stores to transfer or sell marijuana to marijuana cultivation facilities and marijuana product manufacturing facilities, and changes the requirements of a marijuana cultivator to track marijuana plants.

The Alcohol and Marijuana Control Office's (AMCO) projected budget for marijuana activities is \$2,279.5 in FY2027. Annual new marijuana revenue collections in FY2025 were \$3,756.0. Beginning in FY2026, all revenues not expended in a fiscal year carry forward to the next year.

Moving to biennial licensing will require AMCO to adjust fees on a biennial basis to cover two years of operations. The fee amount per licensee is expected to increase in FY2027 to cover the biennial costs, but annualized costs per licensee are anticipated to be reduced over the biennial period because AMCO currently collects more revenue than is required for program operations. Changes to revenue shown in this fiscal note are estimated based on the budgeted amount for marijuana regulation in FY2027. Actual changes in revenue and fee changes will not be known until the fee analysis is completed in FY2027.

AMCO will complete a regulations project to set fees for FY2027, and every two years thereafter.

COST ESTIMATES

Services:	\$5.0	Legal costs to review regulations and publications and printing costs for public notice requirements, required every two years
	\$250.0	Contractor costs to accommodate "batched tagging" as laid out in HB 91. This is an annual subscription hosting fee, and includes: <ul style="list-style-type: none"> - Development of the product, - Ongoing development, enhancements, and maintenance of the product, - Additional resources to support, develop, and maintain, - New and continued updates to training, and - Other additional related development costs for any customization to align with Alaska statutes and regulations.

An operating supplemental request of \$250.0 will be needed to support contractual costs for batch tagging that will be utilized beginning FY2026.

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 91
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB091-DOC-CRC-2-20-26
Title: MARIJUANA: TAX/RETAIL
STORES/REGISTRATION
Sponsor: CARRICK
Requester: (H)FIN

Department: Department of Corrections
Appropriation: Community Residential Centers
Allocation: Community Residential Centers
OMB Component Number: 2244

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027 Appropriation Requested	Included in Governor's FY2027 Request	Out-Year Cost Estimates				
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
OPERATING EXPENDITURES							
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)	2,150.1		1,737.3	1,646.1	1,555.0	1,442.4	1,329.8
1246 RcdvsmFund (DGF)	(2,150.1)		(1,737.3)	(1,646.1)	(1,555.0)	(1,442.4)	(1,329.8)
Total	0.0						

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0						

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? N/A

Why this fiscal note differs from previous version/comments:

This revised fiscal note reflects updated FY2027 revenue projections provided by the Department of Revenue for the Recidivism Reduction Fund (1246 DGF). The updated projections reflect a \$4,010.0 decrease in fund receipts, which proportionally impacts the Department of Corrections. This revision updates the fund source amounts to reflect the Department of Revenue's revised revenue estimates.

Prepared By:	Kevin Worley, Director	Phone: (907)465-1416
Division:	Division of Administrative Services	Date: 02/20/2026
Approved By:	April Wilkerson, Deputy Commissioner	Date: 02/20/26
Agency:	Department of Corrections	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. HB091

Analysis

House Bill 91 reduces the marijuana excise tax from \$50 per ounce to \$12.50 per ounce and establishes a 6% retail sales tax on marijuana and marijuana products.

The Department of Revenue projects that reducing the excise tax would decrease revenue deposited into the Recidivism Reduction Fund by \$4,010.0 in FY2027. Future year impacts are based on Department of Revenue revenue projections.

Reductions to the Recidivism Reduction Fund will proportionally reduce amounts available for appropriation to the Department of Corrections (DOC). Based on the FY2027 Governor's Budget allocation methodology, DOC's proportionate share of the reduction is 53.6%, resulting in a \$2,150.1 reduction in FY2027.

DOC utilizes Recidivism Reduction Fund receipts to support reentry services within Community Residential Centers. Absent replacement funding, these services would be significantly reduced. To maintain current service levels, undesignated general funds (UGF) in the amount of \$2,150.1 would be required in FY2027 and in future years.

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 91
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB091CS(STA)-DOH-BHTRG-02-20-26
Title: MARIJUANA: TAX/RETAIL
STORES/REGISTRATION
Sponsor: CARRICK
Requester: (H) FIN

Department: Department of Health
Appropriation: Behavioral Health
Allocation: Behavioral Health Treatment and Recovery
Grants
OMB Component Number: 3099

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027 Appropriation Requested	Included in Governor's FY2027 Request	Out-Year Cost Estimates					
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)	2,518.8		2,032.7	1,929.1	1,819.4	1,690.7	1,555.9
1246 RcdvsmFund (DGF)	(1,304.3)		(1,053.9)	(998.6)	(943.3)	(875.0)	(806.7)
1254 MET Fund (DGF)	(1,214.5)		(978.8)	(930.5)	(876.1)	(815.7)	(749.2)
Total	0.0						

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0						

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? N/A

Why this fiscal note differs from previous version/comments:

Updated to SLA2026 fiscal note template. Updated numbers based on new estimates from the Department of Revenue and the fall revenue forecast.

Prepared By:	Jenn Carson, Division Director	Phone:	(907)465-6271
Division:	Behavioral Health	Date:	02/20/2026
Approved By:	Pam Halloran, Assistant Commissioner	Date:	02/20/26
Agency:	Department of Health		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB091

Analysis

House Bill 91 reduces the marijuana excise tax from \$50 per ounce to \$12.50 per ounce and introduces a 6% retail sales tax on marijuana and marijuana products. The Department of Revenue (DOR) projects that these tax changes will result in a total revenue reduction of \$4,040.0 million (\$ in thousands) in FY2027, with losses continuing in subsequent years.

Under AS 43.61.010(c), 50% of marijuana tax revenue is allocated to the Recidivism Reduction Fund, which supports programs within the Department of Public Safety (DPS), the Department of Corrections, and the Department of Health.

Within the Department of Health, these funds support the Division of Behavioral Health and the Division of Public Health.

As revenue declines, a corresponding reduction must be made to the Marijuana Education and Treatment Fund, as well as the Recidivism Reduction Fund. Adjustments are made to these funds based on projections from the Department of Revenue. These figures are adjusted on an annual basis based on revenue collections.

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 91
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB091CS(STA)-DOH-BHA-02-20-26
Title: MARIJUANA: TAX/RETAIL
STORES/REGISTRATION
Sponsor: CARRICK
Requester: (H) FIN

Department: Department of Health
Appropriation: Behavioral Health
Allocation: Behavioral Health Administration
OMB Component Number: 2665

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027 Appropriation Requested	Included in Governor's FY2027 Request	Out-Year Cost Estimates					
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)	103.0		83.1	78.8	74.4	69.1	63.6
1246 RcdvsmFund (DGF)	(56.6)		(45.7)	(43.3)	(40.9)	(38.0)	(35.0)
1254 MET Fund (DGF)	(46.4)		(37.4)	(35.5)	(33.5)	(31.1)	(28.6)
Total	0.0						

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0						

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? N/A

Why this fiscal note differs from previous version/comments:

Updated to SLA2026 fiscal note template. Updated numbers based on new estimates from the Department of Revenue and the fall revenue forecast.

Prepared By: Jenn Carson, Division Director
Division: Behavioral Health
Approved By: Pam Halloran, Assistant Commissioner
Agency: Department of Health

Phone: (907)465-6271
Date: 02/20/2026
Date: 02/20/26

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB091

Analysis

House Bill 91 reduces the marijuana excise tax from \$50 per ounce to \$12.50 per ounce and introduces a 6% retail sales tax on marijuana and marijuana products. The Department of Revenue (DOR) projects that these tax changes will result in a total revenue reduction of \$4,040.0 million (\$ in thousands) in FY2027, with losses continuing in subsequent years.

Under AS 43.61.010(c), 50% of marijuana tax revenue is allocated to the Recidivism Reduction Fund, which supports programs within the Department of Public Safety (DPS), the Department of Corrections, and the Department of Health.

Within the Department of Health, these funds support the Division of Behavioral Health and the Division of Public Health.

As revenue declines, a corresponding reduction must be made to the Marijuana Education and Treatment Fund, as well as the Recidivism Reduction Fund. Adjustments are made to these funds based on projections from the Department of Revenue. These figures are adjusted on an annual basis based on revenue collections.

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 91
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB091CS(STA)-DOH-CDPHP-02-20-26
Title: MARIJUANA: TAX/RETAIL
STORES/REGISTRATION
Sponsor: CARRICK
Requester: (H) FIN

Department: Department of Health
Appropriation: Public Health
Allocation: Chronic Disease Prevention and Health Promotion
OMB Component Number: 2818

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027 Appropriation Requested	Included in Governor's FY2027 Request	Out-Year Cost Estimates					
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)	749.1		603.8	574.0	540.4	503.2	462.2
1254 MET Fund (DGF)	(749.1)		(603.8)	(574.0)	(540.4)	(503.2)	(462.2)
Total	0.0						

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0						

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? N/A

Why this fiscal note differs from previous version/comments:

Updated to SLA2026 fiscal note template. Updated numbers based on new estimates from the Department of Revenue and the fall revenue forecast.

Prepared By:	Lindsey Kato, Division Director	Phone:	(907)269-2042
Division:	Public Health	Date:	02/20/2026
Approved By:	Pam Halloran, Assistant Commissioner	Date:	02/20/26
Agency:	Department of Health		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB091

Analysis

House Bill 91 reduces the marijuana excise tax from \$50 per ounce to \$12.50 per ounce and introduces a 6% retail sales tax on marijuana and marijuana products. The Department of Revenue (DOR) projects that these tax changes will result in a total revenue reduction of \$4,040.0 million (\$ in thousands) in FY2027, with losses continuing in subsequent years.

Under AS 43.61.010(c), 50% of marijuana tax revenue is allocated to the Recidivism Reduction Fund, which supports programs within the Department of Public Safety (DPS), the Department of Corrections, and the Department of Health.

Within the Department of Health, these funds support the Division of Behavioral Health and the Division of Public Health.

As revenue declines, a corresponding reduction must be made to the Marijuana Education and Treatment Fund, as well as the Recidivism Reduction Fund. Adjustments are made to these funds based on projections from the Department of Revenue. These figures are adjusted on an annual basis based on revenue collections.

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 91
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB091CS(STA)-DPS-CDVSA-2-20-26
Title: MARIJUANA: TAX/RETAIL
STORES/REGISTRATION
Sponsor: CARRICK
Requester: (H) Finance

Department: Department of Public Safety
Appropriation: Integrated Victim Assistance
Allocation: Council on Domestic Violence and Sexual Assault
OMB Component Number: 521

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027 Appropriation Requested	Included in Governor's FY2027 Request	Out-Year Cost Estimates					
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)	498.9		403.1	382.0	360.8	334.7	308.6
1246 RcdvsmFund (DGF)	(498.9)		(403.1)	(382.0)	(360.8)	(334.7)	(308.6)
Total	0.0						

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0						

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? N/A

Why this fiscal note differs from previous version/comments:

The fiscal note has been revised to incorporate updated FY2027 revenue projections for the Recidivism Reduction Fund (1246 DGF) issued by the Department of Revenue. The lower projected receipts result in a reduced distribution to the Department of Public Safety.

Prepared By: Susie Frenzel, Director
Division: Division of Victim Assistance and Forensic Science
Approved By: Dianna Thornton, Administrative Services Director
Agency: Department of Public Safety

Phone: (907)269-0145
Date: 02/20/2026
Date: 02/20/26

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. HB091

Analysis

House Bill 91 reduces the marijuana excise tax from \$50 per ounce to \$12.50 per ounce and introduces a 6% retail sales tax on marijuana and marijuana products. The Department of Revenue (DOR) projects that these tax changes will result in a total revenue reduction of \$4.04 million in FY2027, with losses continuing in subsequent years.

Under AS 43.61.010(c), 50% of marijuana tax revenue is allocated to the Recidivism Reduction Fund, which supports programs within the Department of Public Safety (DPS), the Department of Corrections, and the Department of Health.

The Recidivism Reduction Fund is subject to annual appropriation by the Legislature and supports programs within the DPS Council on Domestic Violence and Sexual Assault (CDVSA).

As projected revenue declines, a corresponding reduction must be made to the Marijuana Education and Treatment Fund, as well as the Recidivism Reduction Fund. Adjustments are made to these funds based on projections from the Department of Revenue. These figures are adjusted on an annual basis based on revenue collections.

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 91
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB091CS(STA)-DOR-TAX-2-20-26
Title: MARIJUANA: TAX/RETAIL
STORES/REGISTRATION
Sponsor: CARRICK
Requester: (H) FIN

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027 Appropriation Requested	Included in Governor's FY2027 Request	Out-Year Cost Estimates					
			FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES								
Personal Services	517.7		517.7	517.7	517.7	517.7	517.7	517.7
Travel	20.5		41.0	41.0	41.0	41.0	41.0	41.0
Services	1,000.1		1,000.1	1,000.1	1,000.1	1,000.1	1,000.1	1,000.1
Commodities	59.0		10.0	10.0	10.0	10.0	10.0	10.0
Capital Outlay	1,965.2							
Grants & Benefits								
Miscellaneous								
Total Operating	3,562.5	0.0	1,568.8	1,568.8	1,568.8	1,568.8	1,568.8	1,568.8

Fund Source (Operating Only)

1004 Gen Fund (UGF)	3,562.5		1,568.8	1,568.8	1,568.8	1,568.8	1,568.8
Total	3,562.5	0.0	1,568.8	1,568.8	1,568.8	1,568.8	1,568.8

Positions

Full-time	5.0		5.0	5.0	5.0	5.0	5.0
Part-time							
Temporary							

Change in Revenues

1004 Gen Fund (UGF)	(6,060.0)		(5,850.0)	(5,870.0)	(5,880.0)	(5,890.0)	(5,890.0)
1252 DGF Temp (DGF)	(2,050.0)		(690.0)	(340.0)	30.0	450.0	880.0
Total	(8,110.0)	0.0	(6,540.0)	(6,210.0)	(5,850.0)	(5,440.0)	(5,010.0)

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 2,000.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 12/31/26

Why this fiscal note differs from previous version/comments:

The fiscal note reflects the committee substitute change to allocate 25 percent of tax to K-12 Education Fund. Revenue estimates have also been revised based on updated tax modeling, incorporating assumptions from the Fall 2025 forecast and the most recent retail sales values provided by the Alcohol and Marijuana Control Office (AMCO). Expenditure estimates have been revised to incorporate updated personnel costs. NOTE: This fiscal note assumes the effective date will be amended during the legislative process to July 1, 2026, delaying implementation by one year.

Prepared By:	Brandon Spanos, Acting Director	Phone:	(907)269-6736
Division:	Tax Division	Date:	02/20/2026
Approved By:	Janelle Earls, Acting Commissioner	Date:	02/20/26
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB91(STA)

Analysis

NOTE: This fiscal note assumes the effective date will be amended during the legislative process to July 1, 2026, delaying implementation by one year. Therefore, the first year of revenue impact is projected to occur in FY2027. This assumption accounts for the typical legislative timeline and allows adequate notice to affected licensees and dealers to adjust their accounting systems and procedures.

Background

Under current statutes, Alaska levies a tax on marijuana sold or transferred from a marijuana cultivation facility to a retail marijuana store or marijuana product manufacturing facility. The tax rate is \$50 per ounce for bud/flower. The tax was created through voter initiative in 2014. The voter initiative granted the Department of Revenue (Department) authority to set a rate lower than \$50 per ounce for "certain parts of the marijuana plant." The Department adopted a regulation that set the tax as \$50 per ounce for bud/flower, \$25 per ounce for immature, seedy, or failed bud/flower, \$15 per ounce for trim, and \$1 per plant for clones.

This bill would initially change the current cultivator tax rate in statute from \$50 per ounce to \$12.50 per ounce. The effective date for this change is July 1, 2026. On January 1, 2027, this bill would completely replace the current cultivator tax with a retail sales tax of six percent of the sales price of marijuana products at a retail store.

Revenue Impact

Changing the rate from \$50 per ounce to \$12.50 per ounce would reduce projected revenue in FY2027. Combining that change with the change to a six percent retail sales tax mid-way through the fiscal year would create an estimated reduction in revenue of \$8.1 million in FY2027. In subsequent years, the reduction in revenue would be \$6.5 million in FY2028, with reductions decreasing to \$5.0 million by FY2032.

The revenue estimates are based on a series of assumptions. The baseline revenue projections are taken from the Fall 2025 revenue forecast which assumes demand growth in line with expected age 21+ population coupled with an assumption that the percentage of marijuana taxed as bud/ flower, which has been declining for several years, will stabilize at roughly three percent by the end of FY2028. An elasticity adjustment has been incorporated into this analysis to account for an increase in demand for legal marijuana associated with a decrease in prices paid by consumers after accounting for taxes. This analysis assumes that each one percent reduction in prices paid by consumers will translate to a one percent increase in demand for legal product. Uncertainty exists around each of these assumptions and different assumptions for the variables in this analysis would yield different results.

The revenue projections for this bill are based on an FY2025 retail market size of \$275 million provided by the Alcohol and Marijuana Control Office (AMCO), or \$250 million excluding state taxes. It is assumed that the retail market, excluding state taxes, will remain stable in real terms, increasing with inflation.

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

Recidivism Fund	50%
Marijuana Education and Treatment Fund	25%
Unrestricted General Fund	25%

In addition, all penalties and interest are allocated to the Unrestricted General Fund (UGF).

This bill would allocate 25 percent of the revenue collected from the marijuana tax to a new fund, the K-12 Education Fund. This 25 percent share is currently allocated to UGF. The change is shown in the table on the next page.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. CSHB91(STA)

Analysis

Due to limitations of the Fiscal Note system, the Change in Revenues on page one can only be shown on two lines, therefore, DGF Temp (DGF) is the combination of Recidivism Fund (1246), Marijuana Education and Treatment Fund (1254), and K-12 Edu Fund (DGF Temp).

CHANGE IN REVENUES		FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
1246	RcdvsmFund (DGF)	(4,010.0)	(3,240.0)	(3,070.0)	(2,900.0)	(2,690.0)	(2,480.0)
1254	MET Fund (DGF)	(2,010.0)	(1,620.0)	(1,540.0)	(1,450.0)	(1,350.0)	(1,240.0)
1004	Gen Fund (UGF)	(6,060.0)	(5,850.0)	(5,870.0)	(5,880.0)	(5,890.0)	(5,890.0)
1252	K-12 Edu Fund (DGF Temp)	3,970.0	4,170.0	4,270.0	4,380.0	4,490.0	4,600.0
TOTAL CHANGE IN REVENUES		(8,110.0)	(6,540.0)	(6,210.0)	(5,850.0)	(5,440.0)	(5,010.0)

Implementation Cost

This bill would initially require the Department to make only minor changes to update its Tax Revenue Management System (TRMS) and Revenue Online (ROL) which allows a taxpayer to file, pay, view their status, and communicate with the Division online. Resources required to implement the initial change of the tax rate would be absorbed by the Tax Division using existing resources.

The change to a retail sales tax on January 1, 2027, would require significant changes to TRMS, ROL, and tax forms and would come at a cost. This bill would create a new sales tax at the retail level. A new tax type requires significant programming and testing and would require developing a completely new module in TRMS. This work would normally require a minimum of 12 months to complete, and shortening that timeline raises the cost significantly. The system would need to be in place and ready to accept taxpayer registration at least 30 days prior to the effective date of the tax.

The Department will need to engage FAST Enterprises, the Division's TRMS contractor, to develop a sales tax module, including a license function for a new taxpayer base, into TRMS and integrate the module with existing imaging, accounting, and collections modules.

The Division estimates a cost to expedite the rollout of the module so it would be ready in time at \$2 million. This cost is double our estimate if we had at least 12 months to implement the changes. Since the new sales tax would replace the current tax with no overlap, the Division would be able to use existing staff to manage the new program for licensing, return processing, auditing, and customer service functions. The staff would have an additional enforcement function requiring travel of \$3.0 in the first year (because of the mid-year effective date) and \$6.0 in each future year.

The costs to establish "at least one facility in each judicial district" for cash collection is estimated as follows:

Judicial District 1	
Proposed Location	Juneau
Outlay + Year 1 Exp.	\$1,108.4
Total Annual Expenses	\$525.1

Judicial District 2	
Proposed Location	Nome
Outlay + Year 1 Exp.	\$1,026.8
Total Annual Expenses	\$355.7

Judicial District 3	
Existing Location	Anchorage
Outlay + Year 1 Exp.	N/A
Total Annual Expenses	No Additional Exp.

Judicial District 4	
Proposed Location	Fairbanks
Outlay + Year 1 Exp.	\$1,427.3
Total Annual Expenses	\$688.0

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

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Analysis

Five new positions are required for new cash processing locations—three positions in Fairbanks and two in Juneau. These positions would be one Tax Technician 4 (Range 16) and four Tax Technician 3 (Range 14) positions. Currently, there are only eight marijuana retail stores registered in judicial district 2. The above costs anticipate having a drop safe in a public building in Nome and having the funds collected from the site by Fairbanks or Anchorage staff on a regular basis. This fiscal note reflects associated travel costs, which would be a cost savings compared to hiring staff in Judicial District 2.