



March 30, 2015

The Honorable Steve Thompson
Co-Chair
House Finance Committee
State Capitol Room 515
Juneau, AK 99801

Dear Representative Thompson,

During the March 19th House Finance Committee hearing on HB 116, Extend Alcoholic Beverage Control Board, the committee requested that follow up be provided with the fiscal note broken out into the costs associated with marijuana and the costs associated with alcohol. Please find the charts below in response to that request.

ABC Board with Marijuana Costs (HB 116 Fiscal Note)

	FY16 Appropriation Requested	Included in Governor's FY16 Request	Out-Year Cost Estimates					
			FY16	FY17	FY18	FY19	FY20	FY21
OPERATING EXPENDITURES								
Personal Services		1,796.0	1,796.0	1,796.0	1,796.0	1,796.0		
Travel		158.9	158.9	158.9	158.9	158.9		
Services		1,236.5	1,102.5	1,102.5	1,102.5	1,102.5		
Commodities		159.1	130.7	130.7	130.7	130.7		
Capital Outlay								
Grants, Benefits								
Miscellaneous								
TOTAL OPERATING	0.0	3,350.5	3,188.1	3,188.1	3,188.1	3,188.1	0.0	0.0

These costs include the current operating expenses for the Alcoholic Beverage Control Board as well as the estimated additional costs of regulating marijuana. This includes adding three new investigators, administrative staff and other expenses associated with regulating a new industry in Alaska. These costs are consistent whether the ABC Board or the proposed Marijuana Control Board (HB 123) is tasked with regulating the substance.

ABC Board Fiscal Note without Marijuana (for reference only)

	FY16 Appropriation Requested	Included in Governor's FY16 Request	Out-Year Cost Estimates				
	FY16	FY16	FY17	FY18	FY19	FY20	FY21
OPERATING EXPENDITURES							
Personal Services		1185.5	1185.5	1185.5	1185.5	1185.5	1185.5
Travel		85.9	85.9	85.9	85.9	85.9	85.9
Services		480.1	480.1	480.1	480.1	480.1	480.1
Commodities		24.6	24.6	24.6	24.6	24.6	24.6
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	1,776.1	1,776.1	1,776.1	1,776.1	1,776.1	1,776.1

These costs include the current operating expenses for the existing Alcoholic Beverage Control Board. This is inclusive of the current staff and investigators, current travel and per diem expenses incurred by the Alcoholic Beverage Control Board in the execution of their duties, and operational support costs. The ABC Board currently has offices in Anchorage, Juneau and one investigator position in Fairbanks allowing them to provide consumer protection and enforcement services for the alcohol industry statewide.

Marijuana Portion of Fiscal Note (HB 123 fiscal note)

	FY16 Appropriation Requested	Included in Governor's FY16 Request	Out-Year Cost Estimates				
	FY16	FY16	FY17	FY18	FY19	FY20	FY21
OPERATING EXPENDITURES							
Personal Services	610.5		610.5	610.5	610.5	610.5	610.5
Travel	73.0		73.0	73.0	73.0	73.0	73.0
Services	756.4		622.4	622.4	622.4	622.4	622.4
Commodities	134.5		106.1	106.1	106.1	106.1	106.1
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	1,574.4	0.0	1,412.0	1,412.0	1,412.0	1,412.0	1,412.0

These costs only include the estimated expense of implementing the legalization of a new commercial marijuana industry in Alaska as mandated by Proposition 2. These funds include several new staff positions including new investigation and administrative personnel, increased travel expenses for either a new five member Marijuana Control Board or additional meetings for the current ABC board to meet on marijuana, and operational support costs, . This includes one-time start-up expenses that will be incurred, including the creation of a seed to sale database that will allow the ABC Board to track marijuana from grower to retailer to ensure compliance with the law.

March 30, 2015

Page 3

In addition to the figures shown above, there is a supplemental request of \$785.7 included for information purposes only in both HB 116 and HB 123. The requested supplemental is associated with marijuana regulation. Per committee request, the fiscal note for HB 116 has been updated to reflect the supplemental amount. If you have any further questions or concerns, please feel free to contact me.

Regards,

A handwritten signature in purple ink, appearing to read "Cynthia Franklin".

Cynthia Franklin
Director