

Alaska House of Representatives

33RD ALASKA STATE LEGISLATURE



HOUSE RULES COMMITTEE

House Bill 119

Sectional Analysis

Section 1: This section reduces the excise tax that is imposed, by the state, on the sale or transfer of marijuana from a cultivation facility from \$50 per ounce to \$12.50 per ounce. This is repealed July 1, 2028 (see Section 8) to be replaced with a 3% sales tax at the retail level (see Section 4).

Section 2: The department may exempt part of the certain parts of a marijuana plant from taxation or establish a rate lower than \$12.50 per ounce. This is already done for parts of the plant. This is repealed July 1, 2028 (see Section 8) to be replaced with a 3% sales tax at the retail level (see Section 4).

Section 3: This section directs all the marijuana tax revenue to the Marijuana Education and Treatment Fund. Interest earned on this fund will be deposited into the General Fund. The fund does not lapse. The legislature may appropriate 33% of the annual estimated tax collected to the Department of Health for the program, the Department of Commerce, Community, and Economic Development, or to the general fund.

Section 4: A sales tax of 3% is imposed on marijuana and marijuana products sold from a retailer to a consumer. Effective July 1, 2028—See Section 10.

Section 5: Monthly Statements and payments. Each retail marijuana store will send a statement to the department on or before the last day of each month. It must include the total amount of marijuana sold to consumers and the total value of the marijuana sold. Tax payments from retail stores cover the preceding month. Effective July 1, 2028—See Section 10.

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Section 6: Upon the effective date (July 1, 2028) of Sections 4, 5, and 6 this section replaces “cultivation facility” with “retail marijuana store” for the purpose of administration and enforcement of tax.

Section 7: The Recidivism Reduction Fund is repealed. Currently 50% of Marijuana tax revenue is directed to this fund to be used by the Department of Corrections, the Department of Health, or the Department of Public Safety for recidivism reduction programs. Under Section 3 of this act tax revenue is directed to the Marijuana Treatment and Education fund.

Section 8: Repeals the excise tax (Sections 1 and 2 of this act) levied on the cultivator, effective July 1, 2028. It is replaced with a 3% sales tax levied on the retailer as per Section 4, effective the same date.

Section 9: Applicability: the new excise tax rate (Sections 1 and 2) is applied to taxes accrued on or after the effective date.

Section 10: Sections 4-6 are effective July 1, 2028.