



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Commerce, Community,
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE

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Transmitted via email
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March 12, 2024

The Honorable Bryce Edgmon, Co-Chair
The Honorable Neal Foster, Co-Chair
The Honorable DeLena Johnson, Co-Chair
Finance Committee
Alaska State House of Representatives
Alaska State Capitol
120 4th Street
Juneau, Alaska 99801

Re: Public Comment: CSHB 119 (L&C)

Dear Representatives in the House Finance Committee:

The Marijuana Control Board has paid particular attention to the progress of HB 119, now CSHB 119 (L &C), an act relating to marijuana taxes; and providing an effective date. As such, I write, on behalf of the Marijuana Control Board, to express support for the bill and to redress technical issues with implementation.

Our Board meets at least four times a year and at each meeting we review notices of violation for late or nonpayment of the marijuana excise tax. We hear many reasons why some of our licensees cannot satisfy their tax obligations, but out of fairness to the licensees that do, the Board denies license renewals to tax-delinquent licensees and has directed the Director of AMCO to file accusations to revoke licenses for the same reason even before they come up for renewal.

That attention and necessity of action is the primary reason our Board voted at its last Board meeting on January 17, 2024 (public health seat in opposition) to endorse CSHB 119 (L&C) and inform the next legislative committee hearing the bill of our support. The timeline for implementation of the new tax structure is achievable. As a policy matter, our Board overwhelmingly believes the proper tax structure will make the legal industry more competitive and reduce black market sales of marijuana by non-licensees.

Our Board also supports the provisions of CSHB 119 that moves the industry from annual licensing to biennial licensing. The industry has matured enough to have its license period equal those of alcoholic beverage licensees. The Board also has other tools for removing bad actors from the industry than denial of license renewals and will utilize them as necessary. We do suggest in moving forward with biennial licensing you continue to provide the Board the authority to set licensing fees and not place an amount in statute. We also request the authority to divide our licensees so that half of the licenses renew in odd years and the remaining half renew in even years. This would permit better use of AMCO staffing time and the annual availability of program receipts to support the Office.

Thank you for the opportunity to provide our support for CSHB119. We stand ready to answer any questions members of the Finance Committee might have.

Respectfully,

/s. Bruce Schulte/

Bruce Schulte
Marijuana Control Board
Chair

cc: Joan M. Wilson, AMCO Director
Julie Sande, Commissioner, Department of Commerce,
Community, and Economic Development
Adam Crum, Commissioner, Department of Revenue