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House District 35 – West Fairbanks

House Bill 91 Sponsor Statement 34-LS0528\N

“An Act relating to the lawful operation of retail marijuana stores; relating to marijuana cultivation; relating to registration of marijuana establishments; relating to marijuana taxes; relating to the duties of the Department of Revenue; and providing for an effective date.”

In 2014 Alaskans voted to legalize recreational marijuana and since then a legal marijuana industry has grown significantly. During the 33rd Legislature HB 119 enjoyed strong bipartisan support and passed the House 36-3. HB 91 picks the conversation up where we left off in 2024 and is nearly identical to HB 119.

In the decade since marijuana has been legalized in Alaska, the industry has become stagnant. In response to industry concerns Governor Dunleavy convened the Advisory Taskforce on Recreational Marijuana. Its number one recommendation was marijuana tax reform. This bill provides immediate tax relief by reducing the excise tax rate from \$50 per ounce to \$12.50 per ounce. After a transition period it repeals the excise tax all together and imposes a sales tax on marijuana sales. Without marijuana tax reform the industry has the potential to falter, which will empower black market sales and lead to increased crime.

In addition to tax reform this bill includes various policy changes that have been recommended and supported by the industry that will make it less burdensome for them to do business. It brings parity to the marijuana industry and the alcohol industry by allowing marijuana establishments to have two year licenses. It allows marijuana establishments to pay their taxes quarterly, instead of monthly. It requires the Department of Revenue to establish at least one tax collection facility in each of the four judicial districts. It allows for marijuana stores to sell unsold or spoiled products back to producers, among other policy changes.

In Fiscal Year 2024 the marijuana industry brought in over \$27 million. Half of that money – roughly \$13.5 million – went into the Recidivism Reduction Fund, and an additional 25 percent – roughly \$6.7 million went into the Marijuana Education and Treatment Fund. While revenue from the marijuana industry accounts for only one and a half percent of all state revenue, the programs it supports help make Alaska a safer place. Those investments, combined with a robust marijuana industry, will help reduce black market marijuana sales and reduce crime.

I hope you will join me in supporting HB 91 to bring relief to the marijuana industry.

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