

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version:	CSHB 119(L&C)
Fiscal Note Number:	1
(H) Publish Date:	1/22/2024

Identifier: HB119-DOA-DOF-1-12-24
 Title: MARIJUANA TAX
 Sponsor: RLS BY REQUEST
 Requester: H(L&C)

Department: Department of Administration
 Appropriation: Centralized Administrative Services
 Allocation: Finance
 OMB Component Number: 59

Expenditures/Revenues

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

	FY2025	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2025 Request	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
OPERATING EXPENDITURES	FY 2025	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
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)

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

None								
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2024) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2025) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? Yes
(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 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Updated from SLA2023 to SLA2024 fiscal note template and incorporates the changes made in the B version. This version removes the Department of Revenue's discretion in setting the tax rate, changes the sales tax amount from 3% to 10% and set the effective date of the sales tax to January 25, 2025.

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Division:	Finance	Date:	01/12/2024 04:00 PM
Approved By:	Leslie Isaacs, Administrative Services Director	Date:	01/13/2024
Agency:	Department of Administration		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION**Analysis**

HB 119 reduces the tax on marijuana to \$12.50 an ounce at the marijuana cultivation facility. It also removes the ability for the Department of Revenue to exempt certain parts of the marijuana plant from the tax or to set a lower tax rate for those parts.

On July 1, 2025, the marijuana tax at the cultivation facility will be repealed and replaced with a 10 percent tax on retail marijuana sales. The bill creates a framework for how monthly sales tax payments will be made and penalties for not paying the tax.

Additionally, the bill allows the legislature to appropriate at least 50 percent of the estimated balance in the marijuana education and treatment fund within the Department of Health for appropriations to the youth services grant program. The Division of Finance manages funds in the state's accounting system as one of their duties and does not anticipate this bill having a meaningful impact on workload. The division is submitting a zero fiscal note.