

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version:	CSHB 119(L&C)
Fiscal Note Number:	14
(H) Publish Date:	5/3/2024

Identifier: HB119CS(L&C)-DPS-CDVSA-4-17-24
 Title: MARIJUANA TAX
 Sponsor: RLS BY REQUEST
 Requester: (H) FINANCE

Department: Department of Public Safety
 Appropriation: Victim Services
 Allocation: Council on Domestic Violence and Sexual Assault
 OMB Component Number: 521

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

1004 Gen Fund (UGF)	360.3		284.4	274.7	263.9	251.8	239.8
1246 RcdvsmFund (DGF)	(360.3)		(284.4)	(274.7)	(263.9)	(251.8)	(239.8)
Total	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? No
(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 If yes, by what date are the regulations to be adopted, amended or repealed?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:

This version uses an updated revenue analysis from the Department of Revenue.

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 Agency: Department of Public Safety

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FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

Analysis

This bill modifies the marijuana tax structure from a current cultivator tax rate in statute from \$50 per ounce to \$12.50 per ounce with an effective date of July 1, 2024. On January 1, 2025, this bill would change the tax from its current cultivator tax to a retail sales tax of 6% of the sales price of marijuana products at a retail store.

Fiscal Impact Analysis for the Council on Domestic Violence and Sexual Assault

AS 43.61.010(c) provides for 50 percent of marijuana tax collect to be deposited into the recidivism reduction fund. AS 43.61.010(d) provides for the legislature to use the annual estimated balance in the recidivism reduction fund to make appropriations to the Department of Corrections, the Department of Health, and the Department of Public Safety (DPS). To estimate fiscal impact of the bill, DPS made assumptions based on the FY2025 allocation between the three departments. The total FY2025 appropriation across the three departments is \$16,627.5. DPS's share of that appropriation is \$2,004.6, or 12% of the total appropriation. DPS used the Department of Revenue's fiscal analysis for HB119 relevant to fund 1246, recidivism reduction fund.

	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
Total Fund FY2025	\$ 16,637.5	\$ 16,637.5	\$ 16,637.5	\$ 16,637.5	\$ 16,637.5	\$ 16,637.5
Dept of Revenue Fiscal Analysis	\$ (5,840.0)	\$ (4,850.0)	\$ (4,620.0)	\$ (4,430.0)	\$ (4,230.0)	\$ (4,020.0)
Balance	\$ 10,797.5	\$ 11,787.5	\$ 12,017.5	\$ (1,990.0)	\$ 12,407.5	\$ 12,617.5
DPS Portion (12%)	\$ 1,644.3	\$ 1,720.2	\$ 1,729.9	\$ 1,740.7	\$ 1,752.8	\$ 1,764.8

The Department of Public Safety Council on Domestic Violence and Sexual Assault (CDVSA) uses recidivism reduction fund appropriations for grants to support domestic violence prevention programs. Based on the Department of Revenue's analysis, the fund will decrease; the Department of Revenue projects that the revenue reduction will decrease slightly in future years due to inflation and market growth.

In its fiscal analysis, DPS used \$2,004.6, the current FY2025 appropriation for CDVSA, as the base recidivism reduction fund appropriation for FY2025 through FY2030. To maintain current funding levels for prevention grants and programs, a general fund offset will be necessary for prevention grants to remain at current levels.

FY2025 Current Appropriation	\$ 2,004.6	\$ 2,004.6	\$ 2,004.6	\$ 2,004.6	\$ 2,004.6	\$ 2,004.6
Amount of UGF Offset	\$ 360.3	\$ 284.4	\$ 274.7	\$ 263.9	\$ 251.8	\$ 239.8