

# Fiscal Note

State of Alaska  
2024 Legislative Session

Bill Version:	CSHB 119(L&C)
Fiscal Note Number:	2
(H) Publish Date:	1/22/2024

Identifier: HB119-(H)L&C-DPS-CDVSA-1-21-24  
 Title: MARIJUANA TAX  
 Sponsor: RLS BY REQUEST  
 Requester: (H) LABOR AND COMMERCE

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
<b>OPERATING EXPENDITURES</b>	<b>FY 2025</b>	<b>FY 2025</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

**Change in Revenues**

1004 Gen Fund (UGF)	651.8		418.1	380.7	351.8	321.7	290.4
1246 RcdvsmFund (DGF)	(651.8)		(418.1)	(380.7)	(351.8)	(321.7)	(290.4)
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**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? **Yes**  
 If yes, by what date are the regulations to be adopted, amended or repealed? **unknown**

**Why this fiscal note differs from previous version/comments:**

Amended fiscal note to match current bill version U. The primary change of the revised bill is (1) retail tax rate changed from 10% to 6%, (2) updated the effective date of the cultivation tax rate change from July 1, 2023 to July 1, 2024. The effective date of the transition to a retail sales tax remains as January 1, 2025. Adjusted the estimated appropriation of the recidivism reduction fund for Public Safety. This version uses an updated revenue analysis from the Department of Revenue.

Prepared By:	Lisa Purinton, Statewide Services Director	Phone:	(907)269-5581
Division:	Statewide Services	Date:	01/21/2024 11:00 AM
Approved By:	Pam Halloran, Administrative Services Director	Date:	01/21/24
Agency:	Department of Public Safety		

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. To estimate fiscal impact of HB119, the Department of Public Safety (DPS) made assumptions based on the FY2025 allocation between the three departments. The total FY2025 appropriation across the three departments was \$16,627.5. DPS's share of that appropriation is \$2,004.6, or 12% of the total appropriation. Then, Public Safety 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	\$ (5,410.0)	\$ (3,470.0)	\$ (3,160.0)	\$ (2,920.0)	\$ (2,670.0)	\$ (2,410.0)
Balance	\$ 11,227.5	\$13,167.5	\$13,477.5	\$ (1,990.0)	\$13,967.5	\$ 14,227.5
DPS Portion (12%)	\$ 1,352.8	\$ 1,586.5	\$ 1,623.9	\$ 1,652.8	\$ 1,682.9	\$ 1,714.2

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, market growth, and population 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, 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	\$ 651.8	\$ 418.1	\$ 380.7	\$ 351.8	\$ 321.7	\$ 290.4