

Fiscal Note

State of Alaska
2024 Legislative Session

Bill Version:	CSHB 119(L&C)
Fiscal Note Number:	7
(H) Publish Date:	5/3/2024

Identifier: CSHB119(L&C)-DOC-VEP-04-23-24
 Title: MARIJUANA TAX
 Sponsor: RLS BY REQUEST
 Requester: (H) FIN

Department: Department of Corrections
 Appropriation: Offender Habilitation
 Allocation: Vocational Education Programs
 OMB Component Number: 2972

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)

1004 Gen Fund (UGF)	212.7		176.7	168.3	161.4	154.1	146.4
1246 RcdvsmFund (DGF)	(212.7)		(176.7)	(168.3)	(161.4)	(154.1)	(146.4)
Total	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

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 If yes, by what date are the regulations to be adopted, amended or repealed? N/A

Why this fiscal note differs from previous version/comments:

This version incorporates the changes from the CS and updated to align with the Department of Revenue's Spring 2024 revenue forecast and analysis.

Prepared By: Janelle Earls, Administrative Operations Manager
 Division: Administrative Services
 Approved By: Teri West, Administrative Services Director
 Agency: Department of Corrections

Phone: (907)465-8168
 Date: 04/23/2024
 Date: 04/23/24

REPORTED OUT OF
HFC 05/03/2024

Control Code: WFsFW

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2024 LEGISLATIVE SESSION

Analysis

This bill modifies the marijuana tax structure, providing for a reduction on the excise tax from \$50 per ounce to \$12.50 per ounce and restructures the way the tax is collected by eliminating the cultivator tax entirely and implementing a retail sales tax on January 1, 2025, set at 6% to be collected quarterly.

Based on the projections from the Department of Revenue, changing the rate from \$50 per ounce to \$12.50 per ounce would reduce projected revenue in FY2025. Combining that change with the change to a 6% retail sales tax mid-way through the fiscal year would create an estimated reduction in revenue of \$11.7 million in FY2025, including \$2.9 million general fund, \$5.8 million recidivism reduction, and \$2.9 million marijuana education and treatment funds. The revenue reduction will decrease slightly in future years due to inflation, market growth, and population growth.

The reduced revenues will result in lower dollar amounts appropriated to the Department of Corrections. Reductions will be made to budgets that are proportional to the amounts requested in the FY2025 Governor's Budget.

The Department of Corrections allocation from this fund is used to support various vocational programs for our efforts toward successful reentry. Without replacement funding these efforts would be severely impacted, if not eliminated. To maintain these efforts, undesignated general funds would be necessary to offset a \$212.7 loss of recidivism reduction funds in FY2025.

	FY2025		FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
	Governor	Percent	Reduction	Reduction	Reduction	Reduction	Reduction	Reduction
Recidivism Reduction								
Community Residential Centers	\$ 1,000.0	6.0%	\$ (351.0)	\$ (291.5)	\$ (277.7)	\$ (266.3)	\$ (254.2)	\$ (241.6)
Physical Health Care	\$ 3,512.0	21.1%	\$ (1,232.8)	\$ (1,023.8)	\$ (975.2)	\$ (935.1)	\$ (892.9)	\$ (848.6)
Sex Offender Management Program	\$ 2,000.0	12.0%	\$ (702.0)	\$ (583.0)	\$ (555.4)	\$ (532.5)	\$ (508.5)	\$ (483.2)
Domestic Violence Program	\$ 175.0	1.1%	\$ (61.4)	\$ (51.0)	\$ (48.6)	\$ (46.6)	\$ (44.5)	\$ (42.3)
Education Programs	\$ 827.0	5.0%	\$ (290.3)	\$ (241.1)	\$ (229.6)	\$ (220.2)	\$ (210.3)	\$ (199.8)
Vocational Education Programs	\$ 606.0	3.6%	\$ (212.7)	\$ (176.7)	\$ (168.3)	\$ (161.4)	\$ (154.1)	\$ (146.4)
Recidivism Reduction Grants	\$ 504.0	3.0%	\$ (176.9)	\$ (146.9)	\$ (140.0)	\$ (134.2)	\$ (128.1)	\$ (121.8)
Other Departments	\$ 8,013.5	48.2%	\$ (2,812.9)	\$ (2,336.0)	\$ (2,225.2)	\$ (2,133.7)	\$ (2,037.4)	\$ (1,936.2)
	\$ 16,637.5	100.0%	\$ (5,840.0)	\$ (4,850.0)	\$ (4,620.0)	\$ (4,430.0)	\$ (4,230.0)	\$ (4,020.0)