

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

Anchorage, Alaska

November 16, 2023

2:00 p.m.

MEMBERS PRESENT

Representative Jesse Sumner, Chair
Representative Justin Ruffridge, Vice Chair
Representative Mike Prax
Representative Dan Saddler
Representative Stanley Wright
Representative Ashley Carrick
Representative Zack Fields

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 119

"An Act relating to marijuana taxes; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 186

"An Act relating to volunteer labor compliance officers; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HB 119

SHORT TITLE: MARIJUANA TAX

SPONSOR(s): RULES BY REQUEST

03/17/23	(H)	READ THE FIRST TIME - REFERRALS
03/17/23	(H)	L&C, FIN
03/24/23	(H)	L&C AT 3:15 PM BARNES 124
03/24/23	(H)	<Bill Hearing Canceled>
03/31/23	(H)	L&C AT 3:15 PM BARNES 124
03/31/23	(H)	Heard & Held
03/31/23	(H)	MINUTE(L&C)

04/24/23	(H)	L&C AT 3:15 PM BARNES 124
04/24/23	(H)	<Bill Hearing Rescheduled to 04/26/23>
04/26/23	(H)	L&C AT 3:15 PM BARNES 124
04/26/23	(H)	Heard & Held
04/26/23	(H)	MINUTE (L&C)
08/17/23	(H)	L&C AT 3:00 PM ANCH LIO DENALI Rm
08/17/23	(H)	-- Rescheduled to 09/14/23 --
09/14/23	(H)	L&C AT 3:00 PM ANCH LIO DENALI Rm
09/14/23	(H)	-- Rescheduled from 08/17/23 --
11/16/23	(H)	L&C AT 2:00 PM ANCH LIO DENALI Rm

WITNESS REGISTER

CODY RICE, House Majority Staff
 Alaska State Legislature
 Juneau, Alaska

POSITION STATEMENT: On behalf of the bill sponsor, House Rules by request, provided a recap of CSHB 119, Version B.

RYAN TUNSETH, President, Co-Chair
 Alaska Marijuana Industry Association;
 Governor's Advisory Task Force on Recreational Marijuana
 Kenai, Alaska

POSITION STATEMENT: Addressed amendments to CSHB 119, Version B.

BRANDON EMMETT, Co-Chair
 Governor's Advisory Task Force on Recreational Marijuana
 Fairbanks, Alaska

POSITION STATEMENT: Answered questions during the hearing on CSHB 119, Version B.

ACTION NARRATIVE

[2:00:10 PM](#)

CHAIR JESSE SUMNER called the House Labor and Commerce Standing Committee meeting to order at 2:00 p.m. Representatives Carrick, Prax, Wright, Ruffridge, and Sumner were present at the call to order. Representatives Fields and Saddler arrived as the meeting was in progress.

HB 119-MARIJUANA TAX

[2:00:58 PM](#)

CHAIR SUMNER announced that the only order of business would be HOUSE BILL NO. 119, "An Act relating to marijuana taxes; and providing for an effective date." [Before the committee, adopted as a working document on 4/26/23, was the proposed committee substitute (CS) for HB 119, Version 33-LS0636\B, Radford, 4/18/23, ("Version B").]

[2:01:46 PM](#)

CODY RICE, House Majority Staff, Alaska State Legislature, on behalf of the bill sponsor, House Rules by request, provided a recap of CSHB 119, Version B. He addressed the three main points covered in the previous meeting: cannabis tax revenue growth has flattened; Version B would generate more revenue than the expectations for the status quo; and federal legalization would strongly affect the competitive cannabis market in Alaska.

CHAIR SUMNER announced the committee would entertain amendments. He noted that Amendment 1 would not be offered.

[2:03:55 PM](#)

REPRESENTATIVE CARRICK moved to adopt Amendment 2 to CSHB 119, Version B, labeled 33-LS0636\B.1, Radford, 5/2/23, which read as follows:

Page 2, line 14:

Delete "**Monthly statement**"

Insert "**Quarterly statements** [MONTHLY STATEMENT] "

Page 2, line 16:

Delete "calendar month"

Insert "**quarter** [CALENDAR MONTH] "

Page 2, line 20:

Delete "month"

Insert "**quarter** [MONTH] "

Page 2, line 28:

Delete "monthly"

Insert "**quarterly** [MONTHLY] "

Page 2, line 30:

Delete "month"

Insert "**quarter** [MONTH] "

Delete "monthly"

Insert "**quarterly** [MONTHLY] "

Page 2, line 31:

Delete "month" in both places

Insert "quarter [MONTH]" in both places

[2:04:10 PM](#)

REPRESENTATIVE PRAX objected for the purpose of discussion.

[2:04:20 PM](#)

REPRESENTATIVE CARRICK stated that the amendment would change the requirement for cultivators to submit statements from monthly to quarterly, as this would reduce the burden on business owners. She stated that currently many cultivators must travel to Anchorage to submit these monthly statements. She stated that the amendment was recommended by the Governor's Advisory Task Force on Recreational Marijuana and by constituents.

[2:05:47 PM](#)

REPRESENTATIVE PRAX expressed agreement with the amendment and removed his objection.

CHAIR SUMNER requested a roll call vote.

[2:06:21 PM](#)

A roll call vote was taken. Representatives Saddler, Prax, Carrick, Fields, Ruffridge, and Sumner voted in favor of Amendment 2 to CSHB 119, Version B. Representative Wright voted against it. Therefore, Amendment 2 was adopted by a vote of 6-1.

CHAIR SUMNER, at the request of Representative Carrick, rolled Amendment 3 to the bottom of the list.

[2:08:00 PM](#)

REPRESENTATIVE CARRICK moved to adopt Amendment 4 to CSHB 119, Version B, as amended, labeled 33-LS0636\B.5, Radford, 9/6/23, which read as follows:

Page 1, line 1, following "**Act**":

Insert "**relating to marijuana cultivation;**"

Page 1, following line 2:

Insert a new bill section to read:

"* **Section 1.** AS 17.38 is amended by adding a new section to read:

Sec. 17.38.075. Marijuana inventory tracking at marijuana cultivation facilities. A marijuana cultivation facility shall assign a tracking number to each crop of marijuana plants when the height of one or more plants exceeds eight inches. The board may not require a marijuana cultivation facility to assign an individual tracking number to each plant propagated, grown, or cultivated on the marijuana cultivation facility's premises."

Page 1, line 3:

Delete "**Section 1**"

Insert "**Sec. 2**"

Renumber the following bill sections accordingly.

Page 3, line 13:

Delete "sec. 1"

Insert "sec. 2"

Page 3, line 14:

Delete "sec. 1"

Insert "sec. 2"

Page 3, line 15:

Delete "Sections 3 - 5"

Insert "Sections 4 - 6"

Page 3, line 16:

Delete "sec. 9"

Insert "sec. 10"

[2:08:04 PM](#)

REPRESENTATIVE RUFFRIDGE objected for the purpose of discussion.

[2:08:11 PM](#)

REPRESENTATIVE CARRICK stated that after touring several cultivation facilities, it was observed that plant tagging was a common burden addressed by business owners. Currently cultivators are required to tag each plant. She expressed the understanding that it is not necessary, and it causes a

financial and time burden, as some businesses have thousands of plants. Concerning other agricultural products regulated by the state, these only require tagging on a per-crop basis. She stated that the tagging system is only required for public health reasons in case of a recall. She argued that tagging on a per-crop basis would cover this, and it would alleviate a significant cost for cultivators.

[2:10:15 PM](#)

REPRESENTATIVE RUFFRIDGE requested that a member from the Governor's Advisory Task Force on Recreational Marijuana speak to the amendment.

[2:10:51 PM](#)

RYAN TUNSETH, President, Co-Chair, Alaska Marijuana Industry Association; Governor's Advisory Task Force on Recreational Marijuana, stated that the Marijuana Control Board had recently discussed the issue. In this discussion it was learned that the state's contract with Metric would be an issue concerning this amendment. He added that Metric is a seed to sell tracking system. He continued that if the system moves from a single plant tag to a batch tag, the price of the tag would go from 25 cents a tag to \$25 a tag, and to implement this change in the system it would cost \$200,000; however, some cultivators pay upwards to \$10,000 a year for individual plant tags, so the amendment is supported.

[2:12:39 PM](#)

REPRESENTATIVE SADDLER questioned how one tag would be able to define a crop. In other words, he questioned how "crop" would be defined.

REPRESENTATIVE CARRICK deferred the question to Legislative Legal Services. She expressed the understanding that "crop" does have a standard definition in relation to other agricultural products in the state, and the amendment was drafted with this consideration.

REPRESENTATIVE SADDLER stated that to support the amendment he would need to see the definition.

[2:14:06 PM](#)

REPRESENTATIVE PRAX questioned the original rationale for tagging individual plants.

[2:14:41 PM](#)

BRANDON EMMETT, Co-Chair, Governor's Advisory Task Force on Recreational Marijuana, stated that he was one of the original members of the Marijuana Control Board. He explained that the original idea had been in response to the board having an abundance of caution, and the board wanted to make sure the industry was well regulated. There had been the idea that marijuana would be grown in a legal facility but moved to be sold on the black market. However, the diversion happened the other way, as illegally grown marijuana entered the legal market, or it was never part of the legal market. He expressed the belief that the tagging system is redundant and unnecessary.

[2:16:07 PM](#)

REPRESENTATIVE PRAX questioned how a specific crop would be identified.

MR. EMMETT answered that a crop is considered a group of plants propagated at the same time, grown to similar heights, and harvested at the same point of maturity. He stated that a limited grow might have 10 plants in a crop while a standard grow could have 50 plants. He expressed the understanding that with a single tag for each crop, enforcement could identify anyone of the plants in the crop.

[2:17:13 PM](#)

REPRESENTATIVE RUFFRIDGE questioned whether Amendment 4 could bring additional costs or demands to the cultivators.

MR. TUNSETH expressed the understanding that because of the contract with Metric the cost would increase by \$200,000. In response to a follow-up question, he stated that this cost would be passed to the cultivators.

[2:19:05 PM](#)

REPRESENTATIVE PRAX expressed the opinion that the only way the state could recover costs would be through tax. He opined that the state could bill the growers for the additional costs for the tags.

2:19:41 PM

REPRESENTATIVE CARRICK expressed the opinion that the current tagging system is redundant and unnecessary. She acknowledged the cost of the contract with Metric; however, she argued there should also be an understanding of what is useful, necessary, and efficient concerning oversight of the industry.

CHAIR SUMNER recognized that the objection by Representative Ruffridge was maintained.

2:21:02 PM

A roll call vote was taken. Representatives Fields, Prax, and Carrick voted in favor of Amendment 4 to CSHB 119, Version B, as amended. Representatives Ruffridge, Saddler, Wright, and Sumner voted against it. Therefore, Amendment 4 failed by a vote of 3-4.

2:22:13 PM

REPRESENTATIVE CARRICK moved to adopt Amendment 5 to CSHB 119, Version B, as amended, labeled 33-LS0636\B.6, Radford, 9/6/23, which read as follows:

Page 1, line 1, following "Act":

Insert "**relating to the lawful operation of retail marijuana stores;**"

Page 1, following line 2:

Insert new bill sections to read:

"* Section 1. AS 17.38.070(a) is amended to read:

(a) Notwithstanding any other provision of law, the following acts, when performed by a retail marijuana store with a current, valid registration, or a person 21 years of age or older who is acting in the person's capacity as an owner, employee, or agent of a retail marijuana store, are lawful and are not an offense under state law or a basis for seizure or forfeiture of assets under state law:

(1) possessing, displaying, storing, or transporting marijuana or marijuana products, except that marijuana and marijuana products may not be displayed in a manner that is visible to the general public from a public right-of-way;

(2) delivering or transferring marijuana or marijuana products to a marijuana testing facility;

(3) receiving marijuana or marijuana products from a marijuana testing facility;

(4) purchasing marijuana from a marijuana cultivation facility;

(5) purchasing marijuana or marijuana products from a marijuana product manufacturing facility; and

(6) delivering, distributing, or selling marijuana or marijuana products to a consumer, a marijuana cultivation facility, or a marijuana product manufacturing facility [CONSUMERS].

* **Sec. 2.** AS 17.38.900(18) is amended to read:

(18) "retail marijuana store" means an entity registered to purchase marijuana from marijuana cultivation facilities, to purchase marijuana and marijuana products from marijuana product manufacturing facilities, and to sell marijuana and marijuana products to consumers, marijuana cultivation facilities, and marijuana product manufacturing facilities;"

Page 1, line 3:

Delete "**Section 1**"

Insert "**Sec. 3**"

Renumber the following bill sections accordingly.

Page 3, line 13:

Delete "sec. 1"

Insert "sec. 3"

Page 3, line 14:

Delete "sec. 1"

Insert "sec. 3"

Page 3, line 15:

Delete "Sections 3 - 5"

Insert "Sections 5 - 7"

Page 3, line 16:

Delete "sec. 9"

Insert "sec. 11"

[2:22:22 PM](#)

REPRESENTATIVE SADDLER objected.

[2:22:32 PM](#)

REPRESENTATIVE CARRICK stated that this amendment is also the result of touring cultivation facilities, where another common issue was the ability of stores to sell back products to manufacturers as an up-stream sale. She stated this amendment also reflects options other agricultural businesses have in the state. Currently this is not allowed in the marijuana industry, and the amendment would add this language so unprofitable products could be sold back to manufacturers to be made into different products. She added that this would ensure no products are wasted or fall into unintended uses.

[2:24:33 PM](#)

REPRESENTATIVE SADDLER expressed concern about how value would be assessed as there would be "swirling" of products sold up and down the supply chain. He maintained his objection.

REPRESENTATIVE CARRICK commented that the amendment would allow the industry the same flexibility as other agricultural industries in the state. It would also allow for all products to find use and to be sold in Alaska.

[2:25:36 PM](#)

A roll call vote was taken. Representatives Prax, Wright, Carrick, Fields, and Ruffridge voted in favor of Amendment 5 to CSHB 119, Version B, as amended. Representatives Saddler and Sumner voted against it. Therefore, Amendment 5 was adopted by a vote of 5-2.

[2:26:31 PM](#)

REPRESENTATIVE CARRICK moved to adopt Amendment 6 to CSHB 119, Version B, as amended, labeled 33-LS0636\B.7, Radford, 9/6/23, which read as follows:

Page 2, line 10:
Delete "10"
Insert "four"

CHAIR SUMNER objected.

[2:26:50 PM](#)

REPRESENTATIVE CARRICK stated that Amendment 6 would address the issue of the sales tax rate on the industry. She referenced the Alaska Marijuana Industry Association's opinion that the industry is in crisis, and this is partly because of the current sales tax rate. She stated that the 10 percent rate in Version B was a "shock" to the association; however, referencing the task force, this is considered a "happy medium." She stated that the amendment would change the rate from 10 percent to 4 percent, as this would be a reduction and a compromise. She expressed the opinion that this would curtail the black market.

[2:28:29 PM](#)

CHAIR SUMNER cautioned the committee members to consider the fiscal impact of the amendment, as this would be a 60 percent reduction in the tax. He maintained his objection.

[2:28:52 PM](#)

A roll call vote was taken. Representatives Carrick and Prax voted in favor of Amendment 6 to CSHB 119, Version B, as amended. Representatives Wright, Fields, Ruffridge, Saddler, and Sumner voted against it. Therefore, Amendment 6 failed by a vote of 2-5.

[2:29:42 PM](#)

REPRESENTATIVE CARRICK moved to adopt Amendment 7 to CSHB 119, Version B, as amended, labeled 33-LS0636\B.10, Radford, 11/8/23, which read as follows:

Page 1, line 1, following "**taxes;**":

Insert "**relating to the duties of the Department of Revenue;**"

Page 3, following line 8:

Insert a new bill section to read:

"* **Sec. 6.** AS 44.25.020 is amended to read:

Sec. 44.25.020. Duties of department. The Department of Revenue shall

- (1) enforce the tax laws of the state;
- (2) collect, account for, have custody of, invest, and manage all state funds and all revenues of the state except revenues incidental to a program of licensing and regulation carried on by another state department, funds managed and invested by the Alaska

Retirement Management Board, and as otherwise provided by law;

(3) invest and manage the balance of the power development fund in accordance with AS 44.83.386;

(4) administer the surety bond program for licensure as a fish processor or primary fish buyer;

(5) establish at least one facility in each judicial district to collect monthly statements and payments from retail marijuana stores under AS 43.61.020."

Renumber the following bill sections accordingly.

Page 3, line 15:

Delete "Sections 3 - 5"

Insert "Sections 3 - 6"

Page 3, line 16:

Delete "sec. 9"

Insert "sec. 10"

[2:29:52 PM](#)

REPRESENTATIVE SADDLER objected.

[2:30:03 PM](#)

REPRESENTATIVE CARRICK stated that because of the burden on the industry, Amendment 7 would require the Department of Revenue (DOR) to establish a marijuana tax collection facility in each of the four judicial districts in the state. She stated that currently there is only a collection facility in Anchorage, which requires individuals in the industry to travel to pay their taxes in cash, [which is required by federal law]. Instead of creating a tax collection facility in each municipality, which would be costly, she suggested that this would be a compromise.

[2:31:38 PM](#)

REPRESENTATIVE SADDLER commented that in light of trying to save costs for the industry, the amendments seem to be going in the wrong direction. He maintained his objection.

[2:32:13 PM](#)

REPRESENTATIVE RUFFRIDGE, in reference to [the previously adopted Amendment 2], questioned the effect of this in regard to quarterly statements. He also questioned whether DOR could speak to the cost and implementation of the amendment.

REPRESENTATIVE CARRICK expressed the opinion that this is a good point, as individuals would be required to travel only quarterly as opposed to monthly and this would alleviate some of the burden. However, in reference to Amendment 7, there are still individuals in Fairbanks who have to make a seven-plus hour drive four times a year to do required business, while most other businesses in the state do not have this burden.

[2:34:14 PM](#)

The committee took an at-ease from 2:34 p.m. to 2:35 p.m.

[2:35:39 PM](#)

CHAIR SUMNER informed that a representative from DOR was not available for comment.

REPRESENTATIVE PRAX expressed support for the amendment and expressed concern about keeping the marijuana market "above board." He stated that the obstacle of having to travel with large amounts of cash, as it is a cash industry because of federal regulations, poses a substantial risk of robbery. He suggested that the amendment would help make the legal market competitive with the black market.

[2:37:56 PM](#)

REPRESENTATIVE CARRICK concurred that this would help the legal marijuana market thrive and have equity with other businesses in the state. She acknowledged the cost for DOR; however, she pointed out that commerce should be supported.

CHAIR SUMNER acknowledged that the objection was maintained.

[2:38:53 PM](#)

A roll call vote was taken. Representatives Wright, Carrick, and Prax voted in favor of Amendment 7 to CSHB 119, Version B, as amended. Representatives Ruffridge, Saddler, and Sumner voted against it. Therefore, Amendment 7 failed by a vote of 3-3.

[2:39:53 PM](#)

REPRESENTATIVE PRAX [moved to adopt] Amendment 8 to CSHB 119, Version B, as amended, labeled 33-LS0636\B.8, Radford, 10/8/23, which read as follows:

Page 1, line 10, through page 2, line 7:
Delete all material.

Renumber the following bill sections accordingly.

Page 3, line 9:
Delete "AS 43.61.010(b) is"
Insert "AS 43.61.010(b) - (f) and
AS 44.29.020(a)(14) are"

Page 3, line 15:
Delete "Sections 3 - 5"
Insert "Sections 2 - 4"

Page 3, line 16:
Delete "sec. 9"
Insert "sec. 8"

REPRESENTATIVE PRAX explained that Amendment 8 would repeal the language in statute that establishes the designated fund for marijuana tax revenue. He explained that this is aligned with his objection to designated funds. He advised that the legislature should be reviewing the effectiveness of programs year to year, and in regard to this legislation this concerns discouraging use and illicit use of the product by youths.

[2:41:47 PM](#)

REPRESENTATIVE CARRICK objected. In regard to the recipients of the marijuana treatment program fund, such as the Alaska Children's Trust, she questioned where these funds would come from if this is passed. She questioned whether this would delete the programs.

REPRESENTATIVE PRAX expressed the opinion that the amendment would not delete the programs, it would just not designate funds for any particular program. He stated that the funds would go into the general fund and be appropriated from there, and this could fund the programs if they are effective.

[2:43:35 PM](#)

REPRESENTATIVE FIELDS questioned whether the stakeholders who would be effected commented on the amendment.

CHAIR SUMNER responded that there is no written comment; however, the Alaska Children's Trust contacted his office and expressed opposition to the amendment.

[2:44:45 PM](#)

REPRESENTATIVE PRAX expressed the intention to not pass judgment on any program, rather the amendment would move the funds to the general fund so there could be a discussion of the effectiveness of the programs.

CHAIR SUMNER noted that the objection was maintained.

[2:45:26 PM](#)

A roll call vote was taken. Representatives Ruffridge, Saddler, Prax, Wright, and Carrick voted in favor of Amendment 8 to CSHB 119, Version B, as amended. Representatives Fields and Sumner voted against it. Therefore, Amendment 8 was adopted by a vote of 5-2.

[2:46:39 PM](#)

The committee took an at-ease from 2:46 p.m. to 2:47 p.m.

[2:47:23 PM](#)

REPRESENTATIVE CARRICK moved to adopt Amendment 10 to CSHB 119, Version B, as amended, labeled 33-LS0636\B.4, Radford, 9/6/23, which read as follows:

Page 1, line 1, following "**Act**":

Insert "**relating to the registration of marijuana establishments;**"

Page 1, following line 2:

Insert new bill sections to read:

"* **Section 1.** AS 17.38.200(a) is amended to read:

(a) Each application or renewal application for a registration to operate a marijuana establishment shall be submitted to the board. A renewal application may be submitted up to 90 days before the expiration of the marijuana establishment's registration. When

filing an application for a new registration under this subsection, the applicant shall submit the applicant's fingerprints and the fees required by the Department of Public Safety under AS 12.62.160 for criminal justice information and a national criminal history record check. When filing an application for renewal of registration, an applicant shall submit the applicant's fingerprints and the fees required by the Department of Public Safety under AS 12.62.160 for criminal justice information and a national criminal history record check every six [FIVE] years. The board shall forward the fingerprints and fees to the Department of Public Safety to obtain a report of criminal justice information under AS 12.62 and a national criminal history record check under AS 12.62.400.

* **Sec. 2.** AS 17.38.200(d) is amended to read:

(d) Within 45 to 90 days after receiving an application or renewal application, the board shall issue a biennial [AN ANNUAL] registration to the applicant unless the board finds the applicant is not in compliance with regulations enacted under [PURSUANT TO] AS 17.38.190 or the board is notified by the relevant local government that the applicant is not in compliance with ordinances and regulations made under [PURSUANT TO] AS 17.38.210 and in effect at the time of application.

* **Sec. 3.** AS 17.38.210(e) is amended to read:

(e) A local government may establish a schedule of biennial [ANNUAL] operating, registration, and application fees for marijuana establishments, provided that the local government may charge the

(1) application fee only if an application is submitted to the local government in accordance with (f) of this section; and

(2) registration fee only if a registration is issued by the local government in accordance with (f) of this section.

* **Sec. 4.** AS 17.38.210(f) is amended to read:

(f) If the board does not issue a registration to an applicant within 90 days after receiving [OF RECEIPT OF] the application filed in accordance with AS 17.38.200 and does not notify the applicant of the specific, permissible reason for its denial, in writing and within that [SUCH] time period, or if the board has adopted regulations under [PURSUANT TO] AS 17.38.190 and has accepted applications under

[PURSUANT TO] AS 17.38.200 but has not issued any registrations by 15 months after February 24, 2015, the applicant may resubmit its application directly to the local regulatory authority, under [PURSUANT TO] (c) of this section, and the local regulatory authority may issue a biennial [AN ANNUAL] registration to the applicant. If an application is submitted to a local regulatory authority under this subsection, the board shall forward to the local regulatory authority the application fee paid by the applicant to the board upon request by the local regulatory authority.

* **Sec. 5.** AS 17.38.210(h) is amended to read:

(h) A local regulatory authority issuing a registration to an applicant shall do so within 90 days after receiving [OF RECEIPT OF] the submitted or resubmitted application unless the local regulatory authority finds and notifies the applicant that the applicant is not in compliance with ordinances and regulations made under [PURSUANT TO] (b) of this section in effect at the time the application is submitted to the local regulatory authority. The local government shall notify the board if a biennial [AN ANNUAL] registration has been issued to the applicant.

* **Sec. 6.** AS 17.38.210(j) is amended to read:

(j) A subsequent or renewed registration may be issued under (f) of this section on a biennial [AN ANNUAL] basis only upon resubmission to the local government of a new application submitted to the board under [PURSUANT TO] AS 17.38.200.

* **Sec. 7.** AS 17.38.320 is amended to read:

Sec. 17.38.320. Effect on registrations of prohibition of marijuana establishments. If a majority of voters vote to prohibit the operation of marijuana establishments under AS 17.38.300, the board may not issue, renew, or transfer, between persons or locations, a registration for a marijuana establishment located within the perimeter of the established village. A registration that may not be renewed because of a local option election held under AS 17.38.300 is void 90 days after the results of the election are certified. A registration that expires during the 90 days after the results of a local option election are certified may be extended, until it is void under this section, by payment of a prorated portion of the biennial [ANNUAL] registration fee."

Page 1, line 3:
Delete "**Section 1**"
Insert "**Sec. 8**"

Renumber the following bill sections accordingly.

Page 3, line 13:
Delete "sec. 1"
Insert "sec. 8"

Page 3, line 14:
Delete "sec. 1"
Insert "sec. 8"

Page 3, line 15:
Delete "Sections 3 - 5"
Insert "Sections 10 - 12"

Page 3, line 16:
Delete "sec. 9"
Insert "sec. 16"

[2:47:27 PM](#)

REPRESENTATIVE SADDLER objected for the purpose of discussion. He questioned the benefits of lengthening the time between background checks and lengthening the time between registrations.

[2:47:54 PM](#)

REPRESENTATIVE CARRICK compared Amendment 10 with changing the statements from monthly to quarterly. She expressed the opinion that this would reduce the burden on license renewal for business owners. She continued by comparing this to bar owners who already have a biannual license renewal, and this would bring parity to the marijuana industry. She stated that the amendment would also lengthen the time frame for the fingerprinting requirement. She added that this was a request from the governor's task force and the Alaska Marijuana Industry Association.

REPRESENTATIVE SADDLER commented that the marijuana industry is new in Alaska, and it is still illegal on the federal level. He argued that this reality means that certain levels of regulations are reasonable.

[2:50:16 PM](#)

REPRESENTATIVE PRAX expressed support for the amendment. In touring some marijuana establishments, he observed that the establishments made conscientious efforts to control the business concerning minors and scams, while being helpful in making sure customers were not having "a bad experience." He provided examples of this. He expressed the confidence that the industry could go to a biannual cycle, as this would also save the state time and expense.

REPRESENTATIVE SADDLER maintained his objection.

[2:52:28 PM](#)

REPRESENTATIVE CARRICK advised that the voters of the state chose to make marijuana legal, and this is a young industry with the potential to continue to thrive. She concurred that the marijuana industry has professionalism and a quality of business. She stressed that establishing parity is important by eliminating burdens, while maintaining appropriate oversight, as this will keep the industry going.

CHAIR SUMNER noted that the objection was maintained.

[2:53:40 PM](#)

A roll call vote was taken. Representatives Ruffridge, Prax, Carrick, Fields, and Sumner voted in favor of Amendment 10 to CSHB 119, Version B, as amended. Representatives Saddler and Wright voted against it. Therefore, Amendment 10 was adopted by a vote of 5-2.

[2:54:35 PM](#)

REPRESENTATIVE CARRICK moved to adopt Amendment 3 to CSHB 119, Version B, as amended, labeled 33-LS0636\B.2, Radford, 5/2/23, which read as follows:

Page 2, line 10:
Delete "10"
Insert "six"

[2:54:42 PM](#)

REPRESENTATIVE SADDLER objected.

[2:54:50 PM](#)

REPRESENTATIVE CARRICK stated that Amendment 3 goes back to the issue of the sales tax rate, as this would change the rate from 10 percent to 6 percent. She suggested that this would be a compromise. She stated that having 10 percent in Version B had "shocked" the industry. She advised that this tax rate would help address the black market problem and help the legal market. She advised that a 6 percent tax would help "thread the needle" between the need for state revenue and continuing the industry. She stated that this would still be a higher tax burden than what the industry was looking for initially.

[2:56:14 PM](#)

REPRESENTATIVE SADDLER commented that Version B has already provided for a 75 percent reduction of the excise tax, with some recovery with a sales tax. He expressed the opinion that this tax would not be enough. He maintained his objection.

[2:56:54 PM](#)

REPRESENTATIVE PRAX expressed support for the amendment. He agreed with maximizing revenue; however, he pointed out that municipalities also have taxes, and at some point, high taxes will affect the market by supporting a black market.

[2:58:21 PM](#)

REPRESENTATIVE RUFFRIDGE questioned whether someone could discuss the different tax rate options of 10 percent, 8 percent, or 6 percent.

[2:59:09 PM](#)

MR. RICE pointed out three of the scenarios he had provided to the committee during the previous meeting. He advised that moving to 6 percent would generate more revenue than the status quo.

[2:59:54 PM](#)

REPRESENTATIVE CARRICK stated that this last comment points out the value of the amendment.

CHAIR SUMNER noted that the objection was maintained.

3:00:04 PM

A roll call vote was taken. Representatives Prax, Carrick, Ruffridge, and Sumner voted in favor of Amendment 3 to CSHB 119, Version B, as amended. Representatives Saddler, Fields, and Wright voted against it. Therefore, Amendment 3 was adopted by a vote of 4-3.

[CSHB 119, Version B, as amended, was held over.]

3:01:18 PM

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 3:01 p.m.