

CS FOR HOUSE BILL NO. 119(L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 1/22/24

Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the lawful operation of retail marijuana stores; relating to the**
2 **registration of marijuana establishments; relating to marijuana taxes; and providing for**
3 **an effective date."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

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

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

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

14 (2) delivering or transferring marijuana or marijuana products to a

1 marijuana testing facility;

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

4 (4) purchasing marijuana from a marijuana cultivation facility;

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

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

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

11 (a) Each application or renewal application for a registration to operate a
12 marijuana establishment shall be submitted to the board. A renewal application may be
13 submitted up to 90 days before the expiration of the marijuana establishment's
14 registration. When filing an application for a new registration under this subsection,
15 the applicant shall submit the applicant's fingerprints and the fees required by the
16 Department of Public Safety under AS 12.62.160 for criminal justice information and
17 a national criminal history record check. When filing an application for renewal of
18 registration, an applicant shall submit the applicant's fingerprints and the fees required
19 by the Department of Public Safety under AS 12.62.160 for criminal justice
20 information and a national criminal history record check every **six** [FIVE] years. The
21 board shall forward the fingerprints and fees to the Department of Public Safety to
22 obtain a report of criminal justice information under AS 12.62 and a national criminal
23 history record check under AS 12.62.400.

24 * **Sec. 3.** AS 17.38.200(d) is amended to read:

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

31 * **Sec. 4.** 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. 5.** 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. 6.** 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. 7.** 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

1 government of a new application submitted to the board **under** [PURSUANT TO]
 2 AS 17.38.200.

3 * **Sec. 8.** AS 17.38.320 is amended to read:

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

14 * **Sec. 9.** AS 17.38.900(18) is amended to read:

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

20 * **Sec. 10.** AS 43.61.010(a) is amended to read:

21 (a) An excise tax is imposed on the sale or transfer of marijuana from a
 22 marijuana cultivation facility to a retail marijuana store or marijuana product
 23 manufacturing facility. Every marijuana cultivation facility shall pay an excise tax at
 24 the rate of **\$12.50 an** [\$50 PER] ounce, or proportionate part thereof, on marijuana
 25 that is sold or transferred from a marijuana cultivation facility to a retail marijuana
 26 store or marijuana product manufacturing facility.

27 * **Sec. 11.** AS 43.61.010(f) is amended to read:

28 (f) The marijuana education and treatment fund is established in the general
 29 fund. In addition to the accounting under (c) of this section, the Department of
 30 Administration shall separately account for 25 percent of the tax collected under this
 31 section and deposit it into the marijuana education and treatment fund. The

Department of Administration shall deposit interest earned on the fund into the general fund. Money in the fund does not lapse. The legislature may use the annual estimated balance in the fund to make appropriations to the Department of Health for the comprehensive marijuana use education and treatment program established under AS 44.29.020(a)(14) **and may use at least 50 percent of the annual estimated balance in the fund to make appropriations to the youth services grant program within the community-based marijuana misuse prevention component of that program.**

* **Sec. 12.** AS 43.61.010 is amended by adding a new subsection to read:

(g) A sales tax is imposed on the sale of marijuana and marijuana products from a retail marijuana store to a consumer. Every consumer shall pay a six percent sales tax at a retail marijuana store for all marijuana and marijuana products intended for human consumption.

* **Sec. 13.** AS 43.61.020 is amended to read:

Sec. 43.61.020. Quarterly statements [MONTHLY STATEMENT] and payments. (a) Each **retail** marijuana **store** [CULTIVATION FACILITY] shall send a statement by mail or electronically to the department on or before the last day of each **quarter** [CALENDAR MONTH]. The statement must contain an account of the amount of marijuana sold **to consumers** [OR TRANSFERRED TO RETAIL MARIJUANA STORES AND MARIJUANA PRODUCT MANUFACTURING FACILITIES IN THE STATE] during the preceding **quarter** [MONTH], setting out [(1)] the total number of ounces, including fractional ounces, sold **and the total value of the marijuana sold** [OR TRANSFERRED;

(2) THE NAMES AND ALASKA ADDRESS OF EACH BUYER AND TRANSFEREE; AND

(3) THE WEIGHT OF MARIJUANA SOLD OR TRANSFERRED TO THE RESPECTIVE BUYERS OR TRANSFEREES].

(b) The **retail** marijuana **store** [CULTIVATION FACILITY] shall pay **quarterly** [MONTHLY] to the department [,] all taxes, computed at the rates prescribed in this chapter, on the respective total quantities of the marijuana sold [OR TRANSFERRED] during the preceding **quarter** [MONTH]. The **quarterly**

1 [MONTHLY] return shall be filed and the tax paid on or before the last day of each
 2 quarter [MONTH] to cover the preceding quarter [MONTH].

3 * **Sec. 14.** AS 43.61.030 is amended to read:

4 **Sec. 43.61.030. Administration and enforcement of tax.** (a) Delinquent
 5 payments under this chapter shall subject the retail marijuana store [CULTIVATION
 6 FACILITY] to civil penalties under AS 43.05.220.

7 (b) If a retail marijuana store [CULTIVATION FACILITY] fails to pay the
 8 tax to the state, the retail marijuana store's [CULTIVATION FACILITY'S]
 9 registration may be revoked in accordance with procedures established under
 10 AS 17.38.190(a)(1).

11 * **Sec. 15.** AS 43.61.010(b) is repealed.

12 * **Sec. 16.** AS 43.61.010(a) is repealed January 1, 2025.

13 * **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to
 14 read:

15 APPLICABILITY. AS 43.61.010(a), as amended by sec. 10 of this Act, applies to
 16 taxes accrued on or after the effective date of sec. 10 of this Act.

17 * **Sec. 18.** Sections 12 - 14 of this Act take effect January 1, 2025.

18 * **Sec. 19.** Except as provided in sec. 18 of this Act, this Act takes effect July 1, 2024.