

Alaska House Greenlights Cannabis Tax Reform Measure

A decade following Alaska voters' historic decision to legalize recreational marijuana, the Alaska Legislature is ushering in the first significant amendment to the law governing commercial sales in the state. Here's a breakdown of the latest developments:

Tax Overhaul Proposal

On Friday, the Alaska House of Representatives passed House Bill 119, which seeks to replace the existing \$50 per ounce marijuana tax with a 7 percent sales tax. This proposed reform, if approved by the Senate and Governor Mike Dunleavy, would mark Alaska's inaugural statewide sales tax.

Task Force Recommendation

The push for tax reform stems from recommendations made by the state's recreational marijuana task force, convened by Governor Dunleavy in 2022. The task force was tasked with evaluating the marijuana industry and proposing potential changes to the enabling law, enacted by voters in 2014.

Changing Landscape

Alaska, alongside Oregon, became the third and fourth states to legalize recreational marijuana a decade ago. However, Alaska's current marijuana tax structure, levied at the wholesale level, stands as the highest in the nation. Concerns have been raised by industry members regarding their ability to compete with the black market under the current tax rates.

Legislative Deliberations

The task force initially recommended a 3 percent sales tax, but bill supporter Rep. Jesse Sumner advocated for a higher rate, settling on 7 percent after amendments were proposed during House deliberations. Sumner believes that a higher tax rate may garner more support in the Senate, a crucial step before the bill can reach the governor's desk.

Industry Response

Ryan Tunseth, president of the Alaska Marijuana Industry Association, expressed optimism about the bill's passage, despite the tax rate being higher than industry preferences. He plans to gather feedback from marijuana businesses and hopes that the final version of the bill will incorporate additional task force recommendations, including revisions to plant tracking and licensing.

As Alaska charts a new course in marijuana taxation, stakeholders await further developments as the bill progresses through the legislative process.