Date: 05/01/2023

To: Representative Jesse Sumner

Chair, House Labor & Commerce Committee

[House.Labor.And.Commerce@akleg.gov](mailto:House.Labor.And.Commerce@akleg.gov)

From: Jana Weltzin & Brandon Emmett

Co-Chairs, Governor’s Task Force on Recreational Marijuana

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RE: House Bill 119 - An Act relating to marijuana taxes; and providing for an effective date.

Requested Changes to CS HB119 Version B.

Chair Sumner,

Thank you for inviting us to testify at the recent hearing on HB 119. The task force thanks you for that opportunity, and provides the following feedback related to potential changes.

The 10% rate is too high. It prevents us from undercutting the black market, and is not well supported by the industry as a whole. We believe that a 10% tax would simply shift the burden of this problem from cultivation to retail and consumers. We need the tax rate to be significantly lower to properly eliminate the black market.

We think that it would be smart to amend to quarterly tax payments vs monthly. There are obvious logistics concerns with only one cash drop box in the state. Requiring a rural business to make a monthly trip to Anchorage is not financially practicable. We also believe, based on discussions with local boroughs that there would be avenues for them to collect on behalf of the state – which would help businesses while also reducing the cash burden on Dept. of Revenue.

We would like to see the $12.50/oz piece implemented with a sunset date of Jan 1, 2028 – immediately.

Our industry and cultivation base need immediate relief, or many businesses and jobs will be lost this year.

We would like to see some type of cap placed on the overall retail tax. There are rural cities in Alaska that already have high taxes placed on the retail. For example, in Bethel the retail Marijuana tax is already 15%. If there is a way to level the playing field so that one community is not paying significantly higher tax than their neighbor, we would like to see that implemented.

Please also consider including biennial licensing into this bill. This is a smart solution to reducing the AMCO queue and licensing review, while allowing them to enjoy significant administrative cost reductions. The Anchorage Municipality just last week moved to biennial licensing. This change is strongly supported - including support from the AMCO director Joan Wilson, and the Marijuana Control Board.

Highest regards,

Jana Weltzin & Brandon Emmett

Co-Chairs, Governor’s Task Force on Recreational Marijuana.