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Esteemed Committee, Legislators, and Staff,

Thank you for your hard work and intelligent efforts made so far during this legislative session. There are a lot of challenges that Alaska faces right now and I have much respect and appreciation for those helping to solve these issues through upright legislation.

I would like to provide you with my thoughts regarding the proposed legislative House Bill 337.

I do not believe this bill is bad in any way. If there are some parts that can be deemed necessarily applicable to the industry with regard to public safety and economic growth, then I'd recommend that the Legislature move it forward. I also encourage the Committee to seek out prospective Marijuana licensees to discuss where they stand on this bill. By reaching out to more industry folks, HB-337 will gain more traction and support from both sides of the cannabis issue.

At this stage in the development of the industry, there has been a very responsible group of individuals that have been open to the public about their plans and are more than happy to be a part of drafting such legislation. Regardless of whether or not this bill moves forward, **HB-337 provides a great, non-partisan, opportunity for Legislators to connect with constituents who plan on participating in the legal market and further develop a productive relationship.**

The **surety bond** would make sense given the maturity of the market, however, I do not believe the excess growth tax part of the bill should be included within this legislation.

By putting more enforcement on the black market, one can see how this bill could potentially protect the industry in 2017. One can also see that the intention is to penalize those who intend to capitalize on loopholes in law by commercializing the black market. **However, the taxes for excessive growing is, in my opinion, over reaching and creates a situation where our government is too omnipresent in the home.** To this day, this is a freedom of privacy that Alaskans stand by and exercise. The Alaska Supreme Court decision made with *Ravin v. Alaska* further exemplifies the importance of this issue.

When looking at the little information we have on the black market, it appears as though most cannabis in Alaska currently is imported from the lower 48 States and, with a few exceptions, it is too expensive to grow in Alaska at a commercial level and still make a profit especially when competing with legitimate licensed cannabis establishments. Growing cannabis is very time consuming and expensive. When looked at dialectically, one can see how it would be easier to have cannabis imported from the lower 48 than to have a black market commercial grow operation in Alaska. Many in the industry are aware of the "lower 48 late season bumper crop" cannabis that accounts for most of the cannabis in Alaska. This is also the legal industry's biggest competitor.

So, although this bill is intended to deter the black market, the proposed excess tax will affect very little, if at all, the black market in Alaska. Furthermore, this bill may unintentionally place a governing tax authority in the home of Alaskans based on preemptive justifications.

The excess tax part of this bill may also be in conflict with *Ravin v. Alaska* which holds that 24 plants is not considered commercial production, so I'm not sure if this bill would hold through litigation. How can excess cannabis be taxed after 6 plants when 24 plants is not commercial cultivation? This bill may, therefore, challenge the Alaska Supreme Court findings in *Ravin v. Alaska*.

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Because I am a prospective licensed cultivator, I strongly agree that it is unfair for black market growers to not comply with regulations and not pay taxes when other good law abiding businesses do. However, after the development of the legal market emerges, these "bad players" will be far and few once the profit margins within the legal market exceed that of black market operations.

The reality of this situation is that most consumers will purchase cannabis in a licensed retail store once the market starts moving forward. As for the folks growing outside of the statutory amount and are in excess, they will most likely share with friends, just as farmer shares a plentiful harvest. **Consumers will not buy cannabis for the same price on the black market when they can purchase lab tested and labeled for less.**

If we, as an actively upright society, truly feel that regulation is not an intelligent solution to eliminating the black market, then the only practical alternative would be to ask for assistance from the Federal government. Because the DEA has been drastically de-funded for these types of operations, further enforcement from the Federal Government is unlikely. The last and most effective line of defence is to create a robust legal market as the primary deterrent.

Fortunately, the best solution to ending the black market is already in the works, AS 17.38. The majority of Alaskans voted for regulation to happen, not just because they want safe access to cannabis, but because Alaskans want a peaceful place to live.

It must be made very clear that the success of this industry will be accomplished due to the efforts that we've made through regulation, not over regulation! **Over regulation tends to be burdensome on start-up businesses at a time when a robust local economy will be the future path towards prosperity for many Alaskans.** Over regulation also creates easy avenues for the black market to capitalize upon. I would suggest that we let the industry start more organically in form rather than legislate a matter that most likely will not take form.

The surety bond is a good idea, and the industry will back it, but the excessive grow section should be cleaned up or removed completely since it muddies the water of the good parts of the bill. Furthermore, rather than adding to our statutes, Alaskans should first consider working on legislation that removes marijuana from criminal statute as clean-up or maintenance of the law, so to speak. This will help clarify or create future legislation as well.

I firmly believe that the current set of regulations are very strong and very well put together. The industry is very excited and truly wants to contribute positively in return. It should also be noted that cannabis businesses have been granted a great opportunity and acknowledge the responsibility that comes with it.

Thank you again for your hard work this session and I hope that this information helps you in making the right decisions for Alaska's future.

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