

Vern Gunter
PO Box 251
Talkeetna, AK 99676
(907) 232-8361

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Honorable Lesil McGuire and Honorable Gabrielle LeDoux
State Capitol Room 121, State Capitol Room 118
Juneau, AK 99801 Juneau, AK 99801

Senator McGuire and Representative LeDoux,

I direct a group of businessmen who will be investing in the creation of legal marijuana establishment(s) in Alaska. I am writing to offer “real-world” suggestions regarding how certain provisions of the failed SB30 would adversely impact the ability to cost-effectively operate such establishments and result in less revenue to the state of Alaska with none of the safety risks that were attributed to the production of essential oils.

Members of my family began operating such businesses in Colorado upon legalization there. They found it advisable to move the operation to Arizona for a more stable business environment. Our learned position is that Arizona presents a much better case study of how to regulate marijuana establishments than does Colorado.

At present, capital investment in the Arizona establishment exceeds \$5M. It employs 63 people. That operation paid some \$304,000 in taxes to Arizona and some \$80,000 to the city of Scottsdale.

The safety concern of an establishments bursting into flames because an oil-production process allowed butane to be released into the atmosphere is of no substantive concern in a well-designed facility. I assure you it would be inconceivable to put a \$5M facility at risk with substandard methods of oil production.

Oil production in a well-designed facility, such as my family operates in Arizona, occurs in a closed-loop stainless steel system like those utilized in oil production. Such facilities are designed to withstand 6,000 PSI while the closed-loop essential oil process in the Arizona plant operates at 300 PSI – the safety margin is tremendous if not extreme.

Regulation aimed at the safety of the process is advisable while elimination of essential oil production is very detrimental to the market, the profitability of the industry, and, to the revenue due Alaska.

I gladly offer to provide assistance to you, or any other policy-maker, who could use help in developing language to effectively regulate the safety of that process. It may be helpful to tell you why it is important to a wide range of interests:

- 1) The vegetable glycerin method of oil production creates essentially a low-viscosity “gooey” substance unsuited for many marijuana-based products. While suitable for cookies, brownies, etc. it is not suited for a wide variety of sought-after applications.
- 2) Considering the medicinal value of marijuana-based products (seizure suppression, nausea control, glaucoma treatment, pain relief, appetite stimulation, etc.) it makes no sense to limit the variety of non-smoking methods to utilize the product.

- 3) It is obvious smoking can be uncomfortable and is not a suitable delivery method for medicinal purposes, or, many recreational applications. Hence, a wide variety of essential oil-based products are significant to the benefit of the consumer, the profitability of the industry, and, the revenues to the state.
- 4) Such products include:
 - a. Essential oil offers consistent potency, provides accurate measurable dosages, is never mistaken for ordinary sweets, can be administered in any setting, and is readily transportable in appropriate containers for medicinal application;
 - b. Essential oil can be used to produce consistent potency and accurately labeled recreational edibles providing benefit to consumers and regulators;
 - c. Highly popular vaporization delivery systems in use throughout America rely on these oils – there are known health hazards to smoking vegetable glycerin produced oils;
 - d. Hard candies, high quality chocolates and other edibles require the essential oils.
- 5) Lastly, from a productivity/profitability perspective, the closed-loop butane method of oil extraction (if properly implemented) is entirely safe and provides a more profitable business case by enabling extraction from more parts of the plant than the vegetable glycerin process.

Please, before banning a product that is of major importance to the medicinal value, business viability, consumer satisfaction, and revenue to the state, consider regulating the safety of the process, not the product itself.

I submit it is naïve to think of marijuana production amounting to a closet grow operation and someone with an open-to-the-atmosphere blow-down system making oil in their kitchen. The ill-planned regulatory implementation in Colorado contributed to many professional operations migrating to Arizona and the proliferation of “black market” operations in Colorado.

We ask Alaska policy makers to recognize the level of sophistication and modern production methods that are already well underway in Arizona. Regulation directed toward safe, profitable and successful business practices will ensure the consumer, the industry, and the state all come out ahead.

My group is comprised of businessmen with demonstrated success in, worldwide tourism, Silicon Valley technology, Alaskan agriculture, and construction. We are not inclined to employ low-tech risky processes in what will be a significantly capitalized operation. Risk management is critical to attract capital and ensure long term profitability. It is inconceivable to behave otherwise with that scale of operation.

We ask that you consider the realities of this business prospect and not become entangled in attempting to manage low-tech low-volume, financially non-viable operations. Alaska will be better financially, and safer if you will.

Thank you for your attention and if my knowledge can be of value in drafting practical regulation, please do not hesitate to call on me.

Regards,

Vern Gunter

Cc: Kaci Schroeder Dept of Law P.O. Box 110300 Juneau, AK 99811 e-mail kaci.schroeder@alaska.gov