

2-22-25

Stuart Relay

From: Susan A [REDACTED]
Sent: Friday, February 21, 2025 4:26 PM
To: House State Affairs
Subject: Public Testimony on HB 91

Follow Up Flag: Follow up
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Public Testimony on HB 91

Chairman, members of the committee, and fellow citizens of Alaska,

My name is Susan Allmeroth, and I am here to testify in opposition of HB 91 with the proposed amendments as currently written. While I understand that this bill aims to regulate and manage the marijuana industry in Alaska, I have serious concerns about several provisions that could undermine the fairness, competitiveness, and stability of the industry, and I strongly recommend the following amendments to address these issues.

1. Federal Preemption and Banking Access

Currently, marijuana businesses in Alaska and across the country face significant barriers to accessing banking services due to federal regulations. These businesses are forced to operate primarily in cash, leading to security risks and logistical challenges. I urge the committee to consider provisions that would allow for a state-backed banking system specifically for marijuana businesses. This could involve working with state-chartered financial institutions or creating a fund for these businesses to facilitate secure transactions, making them more efficient and safer.

Why this matters: Access to banking is a basic business need. Without it, businesses in the marijuana industry are placed at a distinct disadvantage, forcing them to face unnecessary risks and inefficiencies.

2. Taxation Reform

While the proposed excise tax on marijuana is crucial for funding state programs, I urge you to adopt a tiered tax structure that would ease the burden on small businesses. Small businesses, in particular, are struggling to remain competitive due to high tax rates. By reducing excise taxes for smaller businesses or those that reinvest profits in local communities, we can foster a more equitable and competitive market. Additionally, allowing marijuana businesses to deduct legitimate business expenses from federal taxes, similar to other industries, would help reduce financial burdens and promote long-term growth.

Why this matters: A fair tax structure that supports small businesses will ensure a thriving, diverse marijuana industry. Without these changes, small businesses may be pushed out, leaving larger corporations with the market share.

3. Social Equity and Expungement

In addition to promoting business fairness, we must also repair the social harms caused by marijuana prohibition. I propose automatic expungement of criminal records for individuals with marijuana-related offenses that would no longer be considered crimes under current state law. Furthermore, I strongly recommend creating a fund for business development grants and low-interest loans targeted at individuals from communities that have been historically affected by marijuana prohibition.

Why this matters: Those who have suffered the most under marijuana prohibition should be given a fair opportunity to participate in the legal market. Expungement and financial support can help restore equity and justice to these communities.

4. Local vs. State Jurisdiction

I also believe that the relationship between local governments and the state needs to be clearer, especially in terms of imposing fees and restrictions on marijuana businesses. The bill should clarify that local governments cannot impose fees or restrictions that create undue barriers to entry for small businesses. I propose that any local bans or restrictions on marijuana businesses be backed by substantial evidence that shows the prohibition is in the best interest of the local community.

Why this matters: While local governments should have the right to regulate businesses within their borders, they should not use this authority to unfairly disadvantage businesses or disproportionately burden small operators. The state must ensure that local decisions are based on evidence and not merely on political pressures. If this is allowed for one industry it must be allowed for every industry, business, or establishment especially for political affiliations and religious trauma inflicted.

5. Tracking and Inventory Flexibility

The bill proposes that each marijuana plant be individually tracked once it exceeds eight inches in height. While this sounds reasonable in theory, it would place significant burdens on cultivation facilities. I propose allowing tracking of groups of plants based on characteristics like strain or harvest date, which would be just as effective for regulatory oversight and auditing. The additional burden of individually tracking each plant is costly and inefficient for businesses.

Why this matters: By allowing flexibility in the tracking process, we can ensure the same level of accountability while reducing operational burdens on marijuana cultivation facilities, especially for small operators.

6. Prohibition of Marijuana Businesses via Local Option Elections

Perhaps most concerning, however, is the provision that allows local governments to vote to ban marijuana businesses within their jurisdiction. I strongly urge the committee to remove this provision entirely or amend it to require a more rigorous process. If a local government seeks to prohibit marijuana businesses, there must be a compelling, evidence-based justification for such a decision. Additionally, businesses already operating in these areas should be given the right to continue their operations unless they are found to be in direct violation of local law or regulations.

Why this matters: Allowing local governments to vote to remove existing marijuana businesses without clear and objective evidence harms both businesses and the communities that benefit from them. A more robust process is necessary to ensure that businesses are not unfairly penalized. Businesses

should not be subject to arbitrary bans without a clear, documented reason. If this is not removed we would have a basis for removing any type of businesses we opposed in our districts. If this is allowed for one industry it must be allowed for all industries, businesses, and establishments, especially those for political affiliation or religion.

7. Incentivizing Sustainability and Local Business Practices

To ensure the industry's long-term growth and environmental responsibility, I recommend adding provisions that incentivize sustainability in marijuana operations. This could include offering tax breaks or other incentives to businesses that adopt green technologies or contribute to local community development programs.

Why this matters: By incentivizing sustainable practices, we not only ensure a healthier environment but also foster stronger ties between marijuana businesses and their communities, making the industry more resilient.

I also propose further amendments, particularly in relation to the potential over-taxation of the marijuana industry and its effects on small businesses, consumers, and the overall market.

While I recognize the importance of regulating the marijuana industry to ensure safety and accountability, I urge you to consider the following points when discussing the taxation of marijuana businesses.

Over-Taxation is Unfair to the Industry

Over-taxing the marijuana industry is inherently unfair for several reasons, particularly when considering the existing challenges these businesses face.

Disproportionate Burden on Small Businesses

Marijuana businesses, especially small operators, already face significant barriers to entry due to high startup costs, complex regulatory requirements, and the inability to access federal banking services. Adding excessive taxes on top of these obstacles makes it more difficult for smaller businesses to remain viable. Larger companies with more financial resources may be able to absorb these costs, but this creates an uneven playing field that disadvantages smaller businesses and reduces competition within the market.

Increased Costs to Consumers

Higher taxes on marijuana products inevitably raise the prices consumers must pay. This price increase can make marijuana less affordable for many individuals, particularly those in lower-income communities, which may prompt them to continue buying from the black market. This undermines the goal of marijuana legalization, which is to reduce reliance on illegal distribution networks and enhance public safety.

Encouraging the Black Market to Persist

Excessive taxes create a significant price gap between legal and illegal marijuana. If the legal market becomes too expensive due to high taxes, consumers will be more likely to seek out cheaper options

from the black market. This defeats the purpose of legalization and regulation, which is to divert consumers from illegal sources to safer, legal options.

Undermines Long-Term Sustainability

Excessive taxation can deter businesses from reinvesting in their operations, such as expanding their product offerings, improving sustainability efforts, or contributing to their communities. With profits consumed by high taxes, marijuana businesses may be unable to innovate or grow. Furthermore, because marijuana businesses cannot take advantage of standard federal tax deductions, they face a higher effective tax rate than businesses in other industries, exacerbating the financial strain on the legal marijuana market.

Impacts Social Equity Goals

Over-taxation disproportionately impacts individuals from marginalized communities, particularly those who have been affected by marijuana prohibition. If marijuana businesses are burdened with high taxes, it will be even harder for these individuals to enter the legal market and achieve success. Lower taxes and more equitable policies can help ensure that these groups have the opportunity to benefit from the legal marijuana industry, as intended by social equity initiatives.

Erosion of Public Support

If marijuana becomes too expensive due to high taxes, public support for legalization may diminish. Legalization was intended to make marijuana safer, more affordable, and more accessible. However, if consumers see little value in the legal market due to prohibitively high prices, they may turn away from the industry. This could lead to a loss of trust in the system and potentially jeopardize the success of marijuana legalization in the long run.

Prohibition on Local Voting to Remove Marijuana Businesses

Furthermore, I urge you to ensure or remove that the ability for local governments to remove marijuana businesses is restricted. While local control is important, the ability to unilaterally close down marijuana businesses in specific areas could disrupt the market, harm established businesses, and eliminate jobs in communities where marijuana establishments have been successfully integrated. If such decisions are made, they should require comprehensive evidence, careful deliberation, and be applied to each individual business based on specific criteria, rather than blanket policies that could disproportionately harm the industry.

Allowing localities to vote to remove marijuana businesses without careful consideration of the impact on the market, business owners, and the workforce is harmful and unfair. We should ensure that the closure of marijuana businesses requires a well-reasoned approach, with clear evidence supporting such decisions. This will help maintain the stability and growth of the marijuana industry while protecting the jobs and economic opportunities it provides. This entire provision sets up the basis to remove any business, organization, or establishment for the exact same reason. I oppose this idea completely and suggest removing it. However I don't mind ridding myself of a few other industries, businesses, or churches. I would think that would be its sinking point, but if the congressional body is willing then I will just petition to remove those said entities by a vote as well. Politics and religion shall receive no better treatment than the common man, just the same, if we still wish to be an equal and fair state.

Overall Conclusion

I urge you to reconsider the proposed tax rates on the marijuana industry, as excessive taxation is unfair, economically harmful, and counterproductive. By implementing more reasonable tax policies, we can foster a healthy, competitive industry that benefits businesses, consumers, and the broader community. Additionally, I strongly recommend that decisions regarding the closure of marijuana businesses be made based on careful evaluation and evidence, ensuring fairness and transparency, not plain ignorance.

Thank you for your time and consideration of these important issues. I hope you will make choices that support the growth of the marijuana industry in a fair and sustainable manner.

Respectfully,
Susan Allmeroth
Two Rivers
Myself
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Overall Conclusion

I urge you to reconsider the proposed tax rates on the marijuana industry, as excessive taxation is unfair, economically harmful, and counterproductive. By implementing more reasonable tax policies, we can foster a healthy, competitive industry that benefits businesses, consumers, and the broader community. Additionally, I strongly recommend that decisions regarding the closure of marijuana businesses be made based on careful evaluation and evidence, ensuring fairness and transparency, not plain ignorance.

Can I just say, tax the entire population. This would help solve a lot of problems. Just taxing certain businesses and property owners disproportionately burdens property owners, encourages inequality, creates a limited tax base, and impacts our small businesses. If they are forcing the states, to support ourselves, then we must find a better way. If it's closing the corporate taxes loopholes and raising their taxes then I'm all game. But, the people and small businesses are going to feel the strain.

Thank you for your time and consideration of these important issues. I hope you will make choices that support the growth of the marijuana industry in a fair and sustainable manner.

Respectfully,
Susan Allmeroth
Two Rivers
Myself

Stuart Relay

From: Ryan T [REDACTED]
Sent: Saturday, February 22, 2025 12:25 PM
To: House State Affairs
Subject: Tunseth HB 91 Comment

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Chair Carrick, Vice Chair Story, and Members of the House State Affairs Committee,

I appreciate the opportunity to share my thoughts on House Bill 91 and its potential impact on Alaska's cannabis industry. My goal is to contribute to a thoughtful and productive discussion that ensures both industry growth and responsible regulation while minimizing unnecessary costs and administrative burdens for the state.

As someone who was deeply involved in shaping Alaska's cannabis policies through the Governor's Task Force on Recreational Marijuana—including writing the final report—I remain committed to supporting a fair, equitable, and sustainable regulatory framework. While I understand the intent behind HB 91, I have concerns that certain provisions may unintentionally create challenges for both businesses and regulators.

Areas of Concern and Potential Solutions:

1. **Retail Tax Structure:** The proposed 6% retail tax is considerably higher than the 3% tax recommended by the Governor's task force, which carefully balanced industry sustainability with state revenue needs. The task force's recommendation was based on the premise that all cannabis products—including hemp and marijuana—would be regulated under a single framework. Since this has not yet been implemented, simply shifting the tax burden to retail sales without addressing the broader regulatory structure may not achieve the intended goals. A more measured approach could better support long-term industry viability while still generating necessary state revenue.
2. **Tax Collection Efficiency:** The establishment of multiple tax collection points across judicial districts may increase administrative costs without significantly improving tax compliance. More efficient alternatives, such as utilizing state treasury warrants or municipal tax collection agreements, could achieve the same goals with fewer logistical challenges for both businesses and state agencies.
3. **Statewide Sales Tax Considerations:** Some provisions in HB 91 raise concerns about a potential move toward a broader statewide sales tax. If such a shift is being considered, I believe it is important that stakeholders from all industries be included in a transparent and collaborative discussion to ensure a balanced and fair approach.
4. **Existing Regulatory Framework:** Many of the issues HB 91 seeks to address can already be effectively managed through regulatory adjustments rather than legislative changes. Working within the existing framework may allow for more flexible and efficient solutions without adding unnecessary complexity.
5. **Industry Input and Alternative Legislation:** The Alaska Marijuana Industry Association (AMIA), of which I am a former president, has expressed support for SB 73, which offers a targeted and effective approach to improving industry regulation. SB 73 addresses key concerns by eliminating excessive tax tiers, reducing bureaucratic inefficiencies, and reinstating important tax exemptions. I believe this legislation provides a balanced path forward that supports both the industry and state oversight.

I truly appreciate the committee's efforts in considering the best path forward for Alaska's cannabis industry. While I regret that I am unable to testify in person today due to my son's basketball game, I am more than happy to provide additional insight or answer any questions at your convenience. Please do not hesitate to reach out if I can be of any assistance.

Thank you for your time and consideration. I look forward to working together to find solutions that benefit all stakeholders.

Sincerely,

Ryan Tunseth
Owner, East Rip
Kenai, AK 99611
