



April 22, 2023

Via email to: Honorable Representative Jesse Sumner
Chair, House Labor & Commerce Committee

From: Christian Hood – Owner, GOOD LLC

Re: Support for HB119

I am writing in support of HB119. I am an owner of GOOD LLC, a business based in Fairbanks, Alaska. My company is a marijuana business that owns and operates vertically integrated cultivation, manufacturing, retail licenses. We have 37 employees that help our operations to grow marijuana, manufacture marijuana products, and sell marijuana products directly to consumers at our retail.

The tax structure on Alaska's marijuana has been proven to be flawed. This has been described extensively, but in short, it creates an artificial price floor that keeps the price to consumers extremely high, and it puts undue burden on our cultivators. Here is an example to illustrate the issue of the price floor:

One pound of marijuana flower is taxed at \$800 ($\$50/\text{oz} \times 16\text{oz}$). Thus, the wholesale price of an Alaskan grown pound of marijuana must be at least \$800 just to cover the taxes. The Alaskan cultivator must then build in the cost of production and profit margin which results in current wholesale prices ranging from \$2000-\$4000/lb. However, in Oregon, the price per pound on cultivated marijuana is currently hitting \$800 wholesale, which includes tax, grow costs, and profit. Clearly, with a starting point of \$800/lb in Alaska to cover the taxes, we are at a major disadvantage. This tax handicap is currently causing many cultivators to struggle and go out of business. If marijuana becomes federally legal, this will drastically magnify this problem and cause most, if not all, of Alaskan cultivators to go out of business.

Why would Alaska want to strangle our #1 agricultural crop?

The Alaska Marijuana Industry produces the #1 agricultural crop in Alaska. Why would Alaska continue to implement a tax structure that is throttling the cultivation side of a hugely beneficial local industry? According to an article cited in Alaska Business Magazine¹, marijuana is a \$104M per year crop for Alaska. When compared to Alaska's next two top crops - hay (\$9M) and barley (\$1M), it is clear that marijuana is not only the top crop, but represents an outsized proportion of the value of Alaskan agriculture. Based on the numbers in this article, marijuana accounts for over 72% of all value created by Alaska's agriculture. This does not include the massive value created by marijuana through subsequent manufacturing production and retail commerce.

Alaskan legislators need to protect Alaska's #1 crop by revising the flawed tax structure. By doing this, Alaskan legislators will protect Alaskan farmers who are the foundation of the marijuana industry in Alaska. Thank you for your efforts to push HB119 forward and help Alaskan farmers and the Alaskan marijuana industry as a whole.

Sincerely,



Christian Hood

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