

# KENAI LEGISLATIVE INFORMATION OFFICE

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## WRITTEN TESTIMONY

NAME: Dollynda Phelps  
REPRESENTING: Peace Frog Botanicals  
BILL # or SUBJECT: HB 119 An Act relating to marijuana taxes  
COMMITTEE: House Labor & Commerce DATE: April 23, 2023

NOTE: This testimony is considered part of the official record and will be posted online with the hearing documents

Cultivators in Alaska are being decimated by the current excise tax and HB119 addresses this issue with some really good solutions. We need action immediately to save hundreds of Alaska businesses from failing and hundreds of jobs lost. HB119 lays out a time frame of 2028, however we need help NOW and I hope we can see changes by 2024.

I had to close the doors last year at my limited facility and I hope we don't have to close down our small standard. Long story short, between the 2 cultivation facilities, we paid the state of Alaska \$130,000 for excise tax, on time, and only had a combined net income of around \$80k after one of them operated at a loss. I paid the state \$50,000 MORE than we made. 3 employees were let go last year simply because we could not afford to pay their wages anymore. The state of Alaska is literally putting me out of business and increasing the unemployment rate, and it should not be that way. We have worked very hard to establish our business, and made sure we have paid our tax obligation on time for the last 7 years.

Another huge issue we are seeing is Hemp derived THC which is severely undercutting Alaska's taxed cannabis market. This is great for Black market sales! But not so great for the regulated market or for consumer safety. All retail products having a THC potency above 0.3% should be regulated and taxed. Sec 4 AS 43.61.010 (g) would tax all products at the retail level, regardless if they are imported from out of state or produced in Alaska.

A 3% tax at the retail level is the correct change that should be implemented. Retailers are in a better position to remit taxes, and have more consistent cash flow. And with the inclusion of Sec 4 AS 43.61.010 (g) all marijuana products would be taxed, including out of state hemp derived products. This would capture tax on a large number of products that currently fly under the radar.

I urge you to PLEASE pass HB119 as soon as possible. 2028 is too late for so many, we need action now.

Thank you for your consideration,

Dollynda Phelps

Peace Frog Botanicals