



Date: 04/10/23

To: Honorable Representative Jesse Sumner  
Chair, House Labor & Commerce Committee

From: Alaska Marijuana Industry Association - Board of Directors  
President, Ryan Tunseth  
[president@alaskamia.org](mailto:president@alaskamia.org)  
[www.alaskamia.org](http://www.alaskamia.org)

Re: Support for HB 119  
An Act relating to marijuana taxes; and providing for an effective date

Chair Sumner and distinguished members of the House Labor and Commerce Committee,

The Alaska Marijuana Industry Association (AMIA) is the only Statewide Cannabis Industry trade group in Alaska. Our mission is to promote and advocate for a vibrant and reasonably regulated Alaska-based cannabis industry. The AMIA serves to strengthen and enhance a network of connected, independent, and informed Alaska cannabis organizations. To this end, we fully support revisions to the current tax structure as proposed in HB 119. Alaska was the third State to legalize recreational marijuana in the U.S. Nearly 10-years have passed since the 2014 citizen initiative. The AMIA supports progressive reforms that reflect the rapidly evolving industry and emerging federal legislation.

First, some history, Ballot Measure 2 was passed by Alaskans to regulate marijuana like alcohol. HB 119 is a necessary step in the right direction. When legalization proponents and ballot measure drafters were campaigning, the initiative had a flat tax primarily to make the proposal more digestible and uncomplicated for voters. Even then, there was the hope that it would change to a more appropriate tax structure once the industry evolved.

The state's marijuana industry has been steadily growing since legalization in 2014, with hundreds of businesses and thousands of jobs created. However, the industry still faces several challenges, including high taxes that are driving businesses away and this also encourages the continuation of black market activity. The proliferation of marijuana in States that have legalized cannabis, particularly on the West Coast where markets are over-saturated, has created opportunities for illicit activity and these products

are coming to Alaska. High taxes and fees, combined with the relatively small population in Alaska, have made it difficult for legal businesses to compete with illegal operators who can procure products for less than the current tax rate equivalent of \$800 per pound (\$50 per ounce). The rural market in Alaska is also vulnerable to continued black market proliferation, where the cost of doing business is already high and access to legal marijuana is limited.

To combat the black market and protect legal businesses, it is necessary to reform Alaska's marijuana taxes. A solution is to switch from a weight-based tax to a percentage tax on retail sales. This would allow taxes to be more closely tied to the actual price of the product, ensuring that businesses are not unfairly burdened and that consumers are not priced out of the legal market.

Lowering taxes on marijuana products would also have a positive impact on job creation in Alaska. By reducing the cost of doing business, businesses would be able to reinvest in their operations, expand their offerings, and hire more workers. This, in turn, would help to stimulate the state's economy and provide much-needed jobs to Alaskans.

In addition to reducing taxes on marijuana products, it is also necessary to eliminate unnecessary fees and regulations that are adding to the burden on legal businesses. By streamlining the regulatory process and reducing red tape, businesses will be better able to compete with the black market and provide high-quality products to consumers.

In conclusion the AMIA strongly supports HB 119. This is a responsible change in tax policy that will benefit all Alaskans and ensure that our homegrown Alaskan industry is positioned to survive and thrive in the years to come.

Highest Regards,

AMIA Board Of Directors  
Ryan Tunseth, President