

Alaska Marijuana Industry Association
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www.alaskamia.org



2/17/2025

Dear Representative Carrick,

The Alaska Marijuana Industry Association (AMIA) represents licensed marijuana businesses including cultivators, manufacturers, retailers, and testing labs in Alaska. The AMIA advocates at the local, state, and federal level for responsible public policy and regulations that promote a healthy and robust legal cannabis industry in Alaska.

Thank you for introducing HB 91 and for recognizing that Alaska's legal marijuana industry is facing unprecedented economic challenges and desperately needs economic relief.

Marijuana legalization has been an economic bright spot in our state, creating hundreds of innovative, Alaskan owned businesses; thousands of jobs; and important new revenue for both state and local economies. In fact, marijuana has quickly become Alaska's most valuable agricultural crop. Despite this general success, the legal cannabis industry is facing serious economic headwinds, with licensed businesses struggling under costly and onerous regulations, increasing competition from both unregulated and illicit markets, and the highest tax rate in the country.

AMIA supports certain provisions of HB 91, including those designed to help streamline regulation. We support biennial licensing, batch versus individual plant tagging, and the ability for retailers to return unsold products to licensed manufacturers and cultivators. These are important and uncontroversial changes that help remove burdensome regulations that do not add to public health and safety.

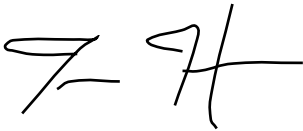
However, the most important and fundamental change the industry is advocating for this session is a reduction and simplification of the excise tax on marijuana projects, and a significant reduction in the tax rate. Specifically, we are proposing a single tax rate of \$12.00 per ounce be applied to all plant material. The current structure taxes flower, trim and other plant parts differently, is difficult to enforce and incentivizes misreporting. Currently, AMIA does not support shifting away from the excise tax entirely, to replace it with a new retail sales tax structure. When the industry considered moving to a retail sales tax two years ago during the Governor's Marijuana Task Force deliberations, the recommendation was a 3% tax rate.

The legal marijuana industry faces significant competition from unregulated products, cheaper out-of-state marijuana, and a thriving black market in Alaska. This illegal activity avoids taxes and regulations, posing serious public health and safety risks due to lack of testing and quality control. The unregulated market erodes Alaska's regulated market, threatening consumer safety and the legal industry. This harms Alaskan businesses, jobs, and local economies. As the regulated industry declines, tax revenues decrease, while the unregulated market grows, further jeopardizing public safety due to lack of enforcement. These challenges were highlighted at the Marijuana Control Board meeting in February, with powerful public testimony emphasizing the need for industry reforms to protect public health and safety and the regulated market.

These marijuana businesses are owned and operated by Alaskans. They are small business owners who want to contribute to their communities, hire local employees, and provide safe, regulated products. They have invested their lives and savings into building this industry. However, significant downward pressures, high operating costs, and the highest tax rate in the nation threaten their ability to continue operating. Many businesses have already surrendered their licenses or are on the verge of doing so. If this continues, the legal, regulated market will be overtaken by the black and grey markets, and we risk allowing outside influence to take over the market that we all have worked so hard to build.

Thank you for your continued support, and for taking an important step towards tax and regulation reform with the introduction of HB 91. AMIA and its member businesses stand ready to work with you and your colleagues in the Legislature to provide the relief so urgently needed to sustain our Alaskan owned businesses, to protect Alaskan jobs, and to ensure that we have a healthy and thriving cannabis industry in the state.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Haynes', with a stylized flourish at the end.

Trevor Haynes,

President - Alaska Marijuana Industry Association

On Behalf of AMIA Board of Directors