



**THE ROOTS  
COLLECTIVE**



**Subject:** In Strong Support of SENATE BILL NO. 73 – The Industry Relies On It

Dear Senate Members vs Assembly,

I am writing to express our strong support for Senate Bill No. 73. The current financial burdens imposed on Alaska's cannabis industry by our local government are overburdensome. Since its inception, Alaska's cannabis excise tax has generated significant state revenue, growing from \$1.7 million in 2017 to over \$28 million in 2023. However, the industry's rapid expansion has plateaued and declined, and the financial burdens imposed on legal operators are not only excessive, but unsustainable, threatening the very survival of the industry.

Unlike the alcohol industry, which benefits from years of maturity and a controlled licensing model that protects profitability, cannabis operators face unlimited competition while still being subjected to a rigid, flat-rate tax system that fails to account for declining wholesale prices. This lack of market maturity and disproportionate tax burden, coupled with lack of banking access, high operational costs and federal intervention, and Alaska's logistical challenges, puts legal businesses at a severe disadvantage, while the illicit market flourishes with zero regulatory oversight.

Key disparities include:

1. The annual license fees are over eight times that of alcohol.
2. The excise tax on cultivated cannabis is around three times more than alcohol as a percentage of the retail price.
3. Corporate income taxes, without agricultural exemptions, create a double taxation model for cannabis cultivation.
4. No enforcement on psychoactive hemp substances sold at convenience stores with no regulatory laws or fees.

**The need for reform is long overdue.** While Senate Bill No. 73 alone will not fully resolve all these inequities, it is a necessary first step toward a more sustainable, fair, and competitive industry. This bill provides much-needed relief and allows time to explore additional measures that will ensure the longevity of Alaska's legal cannabis market. I urge you to support this legislation immediately to protect jobs, strengthen the economy, and prevent the collapse of an industry that has provided immense value to our state.

Additionally, I understand that the annual license renewal process allows the DOR to hold licensees accountable for their taxes, ensuring fairness and compliance. This oversight is essential for maintaining a level playing field. It is also my understanding that license fees are governed by AMCO statutes and can be adjusted more easily to better align with the alcohol industry & departmental budgetary needs. If this is correct, and considering that alcohol licenses cost \$1,200 biennial, it would be equitable to reduce cannabis license fees to \$600–\$1,000 annually. We support maintaining the annual renewal process but strongly advocate for a significantly reduced fee to be more comparable with the alcohol regulations and provide further support for sustaining our industry.

Sincerely,

**Jerry Workman**

Founder, The Roots Collective

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