

City of Bethel City Council
City of Bethel Planning Commission
Michelle Dewitt, Mayor
Kathy Hanson, Chair
PO Box 1388
Bethel, AK 99559

Re: Limitations on Marijuana Retail Licenses issued by the City of Bethel

Madam Chair,

As this Commission is aware, it has the main authority and duty in regard to the issuance of licenses and conditional use permits to alcohol and marijuana business with the City of Bethel. Alcohol and marijuana, and the oversight of each, are slightly different when it comes to who has the authority to regulate the issuances of licenses. For example, the State regulates how many licenses are issued in a municipality:

A new license may not be issued and the (Alcohol) board may prohibit relocation of an existing license outside an established village, incorporated city, unified municipality, or organized borough if, after the issuance or relocation, there would be more than one license of each other type, including licenses that have been issued under (d) or (e) of this section, for each 3,000 population. (04.11.400(1)(B))

Marijuana is not regulated in this way. The number of licenses, and the authority to determine the amount of such has been delegated by the State to the locality in which a prospective licensee seeks to open a business:

A local government may enact ordinances or regulations not in conflict with this chapter or with regulations enacted pursuant to this chapter, governing the time, place, manner, and number of marijuana establishment operations. (AS 17.38.110(b))

The City of Bethel relies upon the revenue generated by local businesses in order to provide the basic services that each citizen depends upon in order to live – water, sewer, fire, police, roads, and port maintenance to name a few. A healthy business sector is vital to the services. Whenever an industry gets oversaturated, businesses begin to suffer, and corners are begun to be cut. History, as well as what is going on in Anchorage currently, tells us that the delinquent or scarcity of paying of taxes to the municipality and State are the first thing businesses do whenever an industry is overwhelmed with licensees.

Anchorage is experiencing this firsthand; licenses are being granted left and right and there are currently approximately 74 licenses within the City of Anchorage. That is one license for approximately every 4,000 residents. The industry is suffering because of this situation. The municipality and State have many businesses that are delinquent in tax payments because the market is oversaturated due to there not being a cap on the amount of licenses being issued. This is bad for the coffers of the City and bad for any business currently operating because it puts their survival at risk.

The Alaska Marijuana Control Office (AMCO) has delegated this to the municipalities, (AS 17.38.110(b)). We, the Bethel marijuana industry, are asking that this body recommend or enact a policy or ordinance that mirrors the alcohol statute that caps the number of licenses issued based off population (1 license per 3,000 people). In this case, it would be limited to two (2), just like the alcohol industry. Our fear is that if Bethel is administered like Anchorage, and several other municipalities, the industry will get saturated, corners will be cut to stay in business, and ultimately the City and its citizens will be harmed.

The cost of doing business in Bethel is already extremely high, considering the high price of electric, heating, labor, and transportation costs. With these barriers, it remains a struggle to stay competitive with those on the road system. Couple that with the fact that the taxes the City levies on marijuana sales (15%) is 50% higher than anywhere else in the State, and the local industry already has high hurdles to jump to turn a profit.

This body is the gatekeeper of this industry and we are asking that you keep it healthy. Pass a resolution or recommendation to the City Council to mirror the restrictions on the number of licenses as set forth for the alcohol industry, AS 04.11.400.

Please feel free to give any of us a call to discuss.

Naim Shabani, Owner, Kusko Kush

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Jared Karr, Owner, Kusko Kush

A handwritten signature in blue ink, appearing to read 'Jared Karr', written over a horizontal line.

Nick Miller, Owner, Alaska Buds

A handwritten signature in black ink, appearing to read 'Nick Miller', written over a horizontal line.