



April 17, 2023

Committee on Taxes
Minnesota Senate

Chair Rest and Members of the Committee on Taxes:

I am submitting this letter to voice our general support for Senate File 73, authored by Senator Port, but also voice serious concerns about any changes to the current taxation structure that would incentivize continuation of the illicit market.

Americans for Prosperity has no financial interest in the future market, nor are we funded by those with a financial interest. While our main goal is to end what we believe is a failed and destructive approach to cannabis, we are working across the country to ensure that states that want to adopt either a medical or adult-use cannabis market do so in a manner that most effectively allows legal businesses to compete with the illicit market and ensures small businesses can thrive.

A vital component of achieving those goals is establishing an intentional tax rate. Consumers will continue to purchase products from their legacy providers if it can save them substantial sums of money.

We want to see Minnesota avoid the failures of other states, like California, which present a clear warning for the state's leaders. The illicit market has continued to thrive in that state given its excessive and complicated tax regimes and it is estimated that 75% of the cannabis sold in the state is still coming from illicit providers.

We have consistently called for members of the Senate and House to reduce the proposed tax created by the legislation and phase it in to allow new entrepreneurs to effectively establish themselves against illicit providers. The House decided to do the opposite and we urge the Senate not to follow its imprudent example.

We thank Senator Port for bringing this legislation forward, and respectfully urge your support of this bill.

Sincerely,

A handwritten signature in black ink that reads "RaeAnna K. Buchholz".

RaeAnna K. Buchholz
Legislative & Coalitions Director, Minnesota
Americans for Prosperity
rbuchholz@afphq.org

Americans for Prosperity, Minnesota
<https://americansforprosperity.org/state/minnesota/>