

Session 16-04, a Regular Meeting of the Cannabis Advisory Commission was called to order by Acting Chair David Lewis at 5:32 p.m. on May 26, 2016 in the Cowles Council Chambers located at City Hall 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONERS HARRIS, STEAD, SARNO, CARROLL, AND LEWIS

ABSENT: COMMISSIONERS ROBL, REYNOLDS, YOUNG (EXCUSED) AND CLARK

STAFF: DEPUTY CITY CLERK KRAUSE

APPROVAL OF AGENDA

The Agenda was approved as presented by Consensus of the Commission.

PUBLIC COMMENT

VISITORS

RECONSIDERATION

ADOPTION OF CONSENT AGENDA

(Items listed below will be enacted by one motion. If separate discussion is desired on an item, that item may be removed from the Consent Agenda and placed on the Regular Meeting Agenda at the request of a Commissioner.)

A. Meeting Minutes for the April 28, 2016 Regular Meeting

Acting Chair Lewis called for adoption of the Consent agenda.

SARNO/STEAD - MOVED TO ADOPT THE CONSENT AGENDA.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

REPORTS

A. Report to the Commission - City Planner Abboud

City Planner Abboud was not present due to a prior commitment. No written report was submitted for the packet.

B. Kenai Peninsula Borough (KPB) Marijuana Task Force Report (MTF)- 1. Minutes from the April 21, 2016 Meeting

There were no comments from the commission present.

PUBLIC HEARINGS

PENDING BUSINESS

A. Generating Revenue through Cannabis

1. Memorandum from City Attorney Wells dated May 18, 2016
 - a. Attachment A
 - b. Attachment B

Acting Chair Lewis read the title into the record. It was noted that City Attorney Wells was scheduled to be telephonic but had not called in to attend the meeting as scheduled.

Commissioner Harris advocated for implementing a \$1.00 per item excise tax.

Acting Chair Lewis advocated for a 3% excise tax on any product sold. He then recommended an export excise tax of \$5.00 per ounce. He cited the actions of Houston, Alaska, as an example.

Commissioner Carroll noted that Houston was applying the excise tax on quantity of the product sold and requested clarification from Commissioner Lewis on his recommendation.

Commissioner Lewis responded that his recommendation was on the final or individual sale. This would make it, including the city and borough sales tax, a total amount of 10.5% on marijuana related products.

Commissioner Carroll and Harris questioned double taxing and if it is applied to the transaction then it is considered sales tax.

Commissioner Lewis responded that his understanding of the information provided is that they can add an excise tax, they can levy the excise tax from the grower but then it gets tricky because the question would be if they can levy that excise tax on a grower outside the city that ships product into the city for final sale. That is the reason he applied it to the point of dispensary, the city would always get the money. Commissioner Carroll agreed since the retail or point of sale would just pass the cost onto the customer. She then added the example of a grower to a manufacturer.

The commission entertained additional comments on being sensitive to not making the cost of the added tax prohibitive since the cost to participate in the industry was already high. They discussed having caps and implementing incremental raises by a specific percentage every 2-3 years for a ten year period. The commissioners also acknowledged the possible outcomes of the election this year, the likelihood of purchases in the ounce or more ranges, typical size purchases will be in "eights", infused drinks and edibles and what the legislature will do next year since they can change the initiative is unknown. The meeting next month will be after the June 23, 2016 due date and the commission will have a clearer picture on if Homer will be open for business. It was noted that the Borough initiative will not affect what happens in Homer.

LEWIS/HARRIS - MOVED TO REQUEST THE CITY ATTORNEY PREPARE AN ORDINANCE THAT REFLECTS AN EXCISE TAX OF THREE (3%) PERCENT ON MARIJUANA AND RELATED MARIJUANA PRODUCTS AT THE POINT OF SALE PURCHASE, AND HAVE THE DRAFT AVAILABLE FOR REVIEW FOR THE JUNE MEETING.

Discussion included clarification on what are excise and sales taxes; application of said taxes and that reporting requirements will be addressed in a separate motion. Commissioner Carroll inquired if they should address capping the excise tax in this motion. Commissioner Lewis would entertain an amendment to his motion.

CARROLL/HARRIS - MOVED TO AMEND THE MOTION TO INCLUDE A CAP ON PERCENTAGE TO THREE (3%) FOR THE FIRST THREE YEARS THEN A MAXIMUM OF 5% AFTER FIVE YEARS.

There was no discussion on the amendment.

VOTE. (Amendment) YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VOTE. (Main) YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

The commission held a brief discussion on stressing the new businesses with additional reporting.

LEWIS/HARRIS - MOVED TO REQUIRE QUARTERLY EXCISE TAX REPORTS AND REQUEST THE CITY ATTORNEY DRAFT AN ORDINANCE FOR THE REVIEW AT THE NEXT COMMISSION MEETING.

Discussion included reporting schedules and penalties similar to the city of Houston and request the City Attorney draft and ordinance with standard languages.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

NEW BUSINESS

A. Draft Onsite Consumption Regulations 3 AAC 306.365 and Draft Submissions to the Board Regulations 3 AAC 306.925

Acting Chair Lewis read the title into the record.

The commission entertained a discussion on the previous motions and recommendations regarding consumption in retail businesses within city limits that the commission made at the April meeting. Commissioner Lewis would like the City Attorney to draft regulations regarding onsite consumption that the commission can review.

Deputy City Clerk Krause called for a Point of Order. The item on the agenda was to discuss and submit recommendations for changes to the proposed State regulation 3 AAC 306.925 regarding consumption and administrative requirements of the Marijuana Board.

Commissioner Sarno and Carroll expressed concerns with the requirements for monitoring overindulgence, being able to give the remainder of a purchase to another in the party to finish and the one gram increments in which you can purchase at a place of consumption.

The commission entertained a lengthy discussion on those aspects of monitoring consumption, open container and public consumption and limits comparing the alcohol industry with marijuana. It was determined that there were no recommendations at this time on the proposed regulations since they could not relax and regulations that the state imposed and it was apparent that most of the draft regulations on the State level were approved as written. It was also noted that it would be difficult to get approval from Council on a less restrictive regulation.

The commissioners can comment as individuals to the Marijuana Board.

B. Next Meeting Deliverables, Agenda Items

The commission requested the following items to be added to the June agenda including the draft ordinance on the proposed 3% excise tax, and reporting requirements:

- Educational Campaign and if an outside organization would be willing to facilitate a learning opportunity on other uses of the cannabis plant

Commissioner Harris inquired about having zoning on the agenda and Commissioner Lewis advised her to wait until after the October elections when they may have a more favorable Council. Commissioner Harris acquiesced.

INFORMATIONAL MATERIALS

A. 2016 Meeting Schedule and Packet Processing Deadlines

B. 2016 Commission Attendance at Council Meetings

C. Marijuana Handler Permit Application and Certification Information

- D. Ordinance 16-23, Repealing Homer City Code Chapter 6.12 Drug Abuse and Paraphernalia
- E. News Articles regarding the Marijuana Industry In and Outside Alaska

Acting Chair Lewis read the titles into the record. Commissioner Carroll state she volunteered for the June and July meetings and requested some clarification on what she is to say to Council. Commissioner Lewis provided some direction on the subject.

COMMENTS OF THE AUDIENCE

Wes Schact, resident of Fritz Creek thanked the Commission for coming in today and apologized that his fellow advocates did not attend. he agreed that there should be informational forums going on and that there are several shows on television such as Henry Rounds, Dr. Gupta on CNN and Discovery Channel had several series. Mr. Schact stated that Cannabis has been in Homer for 40 years that he knows of. Thank you.

COMMENTS OF STAFF

COMMENTS OF THE CHAIR

COMMENTS OF THE COMMISSION

Commissioner Harris commented it was a good meeting.

Commissioner Stead thanked Commissioner Lewis for keeping it short.

Commissioner Sarno stated that Jeremiah Emmerson, leader, Alaska Small Cultivators, has requested that the rural residential be revisited and she will inform him of Commissioner Lewis' reasoning.

Commissioner Carroll commented that Jeremiah's organization may be a good contact point to provide the educational component. She also appreciated City Council for stepping forward and repealing the paraphernalia section in City Code, she will be attending the Grand Opening of Baked Alaska next weekend.

Commissioner Lewis commented that one of the main reasons that section in code was repealed was the needle exchange program with that in place they could not do it.

ADJOURN

There being no further business to come before the Commission, the meeting adjourned at 6:34 p.m. The next regular meeting is scheduled for THURSDAY, JUNE 23, 2016 at 5:30 p.m. in the City Hall Cowles Council Chambers located at 491 E Pioneer Avenue, Homer, Alaska.

Renee Krause, CMC, Deputy City Clerk

Approved: _____