

Session 16-03, a Regular Meeting of the Cannabis Advisory Commission was called to order by Chair Aryn Young at 5:30 p.m. on April 28, 2016 in the Cowles Council Chambers located at City Hall 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMISSIONERS HARRIS, STEAD, SARNO, ROBL, YOUNG AND REYNOLDS

TELEPHONIC: COMMISSIONER CLARK

ABSENT: COMMISSIONERS LEWIS (EXCUSED)

STAFF: CITY PLANNER ABBOUD
DEPUTY CITY CLERK KRAUSE

APPROVAL OF AGENDA

Chair Young called for a motion to approve the agenda.

REYNOLDS/STEAD - SO MOVED.

There was no discussion.

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 February 25, 2016 Regular Meeting

Chair Young called for adoption of the Consent agenda.

CARROLL/REYNOLDS - MOVED TO ADOPT THE CONSENT AGENDA.

Chair young inquired if there were any corrections or changes to the minutes. There were none offered.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

REPORTS

A. Report to the Commission - City Planner Abboud

City Planner Abboud reported that he was in conversation with the City Attorney regarding taxes and they are in the same position with regard to taxes on the Borough's intent to collect sales taxes. He noted that they were hoping that they remit to the city if there are taxes collected on businesses in Homer. He reported that there are different ways to collect taxes either excise or sales and it may be a good thing to talk what the appropriate level if they want to collect tax would be and maybe later what the mechanism would be to collect that tax.

B. Kenai Peninsula Borough (KPB) Marijuana Task Force Report (MTF)-

1. KPB Ordinance 2016-10 Shall the Borough Adopt Local Option to Prohibit The Operation of Any Commercial Marijuana Establishment in the Borough Outside Cities
2. Memorandum from Blaine Gilman, Assembly President re: KPB Ordinance 2016-10
3. Comment submitted by Chair of the KPB MTF Leif Abel re: KPB Ordinance 2016-10
4. KPB Ordinance 2016-12 Amending KPB 7.30.020 Changing the Way Distance is Measured Between Marijuana Establishments and Schools, Churches and Correctional Facilities
5. Memorandum from Stan Wells, KPB Assembly re: KPB Ordinance 2016-12

Chair Young invited comments on the Borough Task Force information provided in the packet. Commissioner Sarno stated that she has an objection to the Borough voter putting the question to the voters the same as she objected to the city putting the question to vote again. She also appreciates and agrees with Chair Able letter and would like to know how the rest of the commission feels with the issue.

Commissioner Harris and Carroll stated that the Borough has pulled Ordinance and have decided to let the voters bring the issue forward via Initiative similar to what is now happening in the city. Further points made by the commission were:

- Petitioners would need a little over 900 signatures to have it on the October Borough ballot.
- There is really little if anything the commission could do about this issue as the decision does not affect city residents.
- The voter results regarding the 2014 Voter Initiative 2 shows more in favor than not so the issue does not make sense.

PUBLIC HEARINGS

PENDING BUSINESS

A. Generating Revenue through Cannabis (This item was carried over from the February 25, 2016 meeting agenda)

Commissioner Robl advocated for some local mechanism to generate revenue and is not sure what would be the best approach as far as local licensing and taxing but believes they should discuss it and move a recommendation forward.

HARRIS/REYNOLDS - MOVED TO RECOMMEND CITY COUNCIL ENACT A 3% EXCISE TAX ON MARIJUANA PRODUCTS IN ADDITION TO ANY TAXES IMPELEMENTED BY THE KENAI PENINSULA BOROUGH AND IT BE IMPLEMENTED WHEN AND IF THE KENAI PENINSULA BOROUGH ENACTS A TAX.

Discussion ensued on the Borough dragging their feet but that this tax was to be placed on businesses that were dealing with marijuana related product not those selling merchandise such as t-shirts, etc. Clarification was made that if the city implements an excise tax that they could collect it independently. Discussion included the following points:

- Costs involved to the city for collection, inspection and enforcement
- Starting with a low tax amount, create a timetable and the increments that will become effective so businesses and investors know what to expect
- What the next step would be and can they get input from the Finance Director and the City Attorney for the next meeting
- Recommend additional fees such as licenses, inspection, etc.
- How they would apply the tax amount which is usually a fixed amount against the product amount and that could be taken from the mandatory quarterly reports with regards to an excise tax versus sales tax
- Implementing a sales tax on just marijuana, clarification needed on limits and collection may be difficult

HARRIS/REYNOLDS - MOVED TO AMEND THE MOTION TO INCREASE THE SALES TAX RATE ON MARIJUANA PRODUCTS BY 2% - 3%

This amendment would increase the revenue for the city, further discussion was trying to determine to collection aspects, requesting input from the Finance Director for the next meeting. Discussion included points of being flexible and general in nature since the commission does not know what will happen in Homer. Commissioner Robl again inquired from City Planner Abboud about having input from Finance on the best practice for collecting fees or taxes from the industry. City Planner Abboud stated he would have to check that out and reiterated the mixed message from the City Attorney in the last memorandum. He is not an expert on taxes. He went on to explain that they can make a process and gain the experience doing that; the Finance Director has stated that it can be done in house, but it may be hard to break out.

Commissioner Reynolds requested attendance of the City Attorney telephonically to answer their questions and concerns at the next meeting.

Commissioner Carroll volunteered to research information from smaller towns in Colorado that are similar to Homer, which will not be awash in dispensaries. Geographically that will not happen here but maybe she would be able to see what those towns have done in regards to taxes.

VOTE. NO. ROBL, STEAD, YOUNG, SARNO, CARROLL, REYNOLDS, CLARK.
YES. HARRIS

Motion failed.

Commissioner Carroll inquired about adding a discussion for drug paraphernalia. Commissioner Reynolds noted that at the next Council meeting there will be an ordinance to update that section of the Homer City Code and Commissioner Robl noted that that enforcement action was taken without his knowledge and would be reversed tomorrow if he can get to it.

HARRIS/REYNOLDS - MOVED TO RECOMMEND HAVING A \$100 DOLLAR LICENSING FEE FOR ANY MARIJUANA BUSINESS.

There was discussion regarding it being a one-time fee and that would not be worth the additional work to collect and that it should be an annual fee. Commissioner Harris stated her intent of the motion to not to be charged to cannabis related merchandise retailers, etc., but only to cannabis product retailers. She would also like to see a cap to any fees charged.

VOTE. NO. REYNOLDS, CARROLL, SARNO, YOUNG, STEAD, HARRIS, ROBL, CLARK

Motion failed.

B. Cannabis Businesses on the Spit (This item was carried over from the February 25, 2016 meeting agenda)

1. Memorandum from the Port and Harbor Advisory Commission dated April 12, 2016 re:
Recommendation to Allow Retail Marijuana on the Spit

HARRIS/REYNOLDS - MOVD TO FORWARD A MOTION IN SUPPORT OF THE PORT AND HARBOR ADVISORY COMMISSION MTION TO ALLOW CANNABIS BUSINESSES ON THE SPIT.

There was a brief discussion in support of the motion.

VOTE. YES. UNANIMOUS CONSENT.

Motion carried.

Commissioner Harris would like to recommend that they do not limit the onsite consumption especially on the Spit. Commissioner Reynolds opined that they should be able to include that in the previous motion and requested clarification. The Clerk noted that they could amend the motion to address consumption.

REYNOLDS/CARROLL - MOVED TO IMMEDIATELY RECONSIDER THE PREVIOUS MOTION.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

HARRIS/REYNOLDS - MOVED TO SUPPORT THE PORT & HARBOR ADVISORY COMMISSION RECOMMENDATION TO ALLOW CANNABIS BUSINESSES ON THE SPIT AND FURTHER RECOMMEND ALLOWING ONSITE NON-SMOKE CONSUMPTION IN ANY CANNABIS RETAIL BUSINESS ON THE SPIT OR IN THE CITY UNTIL STATE REGULATIONS HAVE BEEN DECIDED AND APPROVAL OF HOMER POLICE DEPARTMENT CHIEF.

Commissioner Robl was opposed to onsite consumption due to the exposure to first responders and believes that will also be a major concern at the state level. There was further discussion on the ventilation system requirements and how the consumption of marijuana is conducted in various manners and that most popular is by vaping. Discussion also included the use of protection equipment but use of masks, Commissioner Robl added that Fire or EMT may be able to use face masks but that type of apparatus would impede a police officer by providing impairment to the peripheral vision. It was noted that they would not move to allow the consumption until regulations were established at the State level.

REYNOLDS/CARROLL - MOVED TO AMEND ALLOWING RETAIL AND CONSUMPTION ESTABLISHMENTS ON THE SPIT THAT DID NOT ALLOW SMOKING OF CANNABIS.

There was a brief discussion on the process for the amendment to the motion, preferred combustion (vaping) of cannabis, applicants from Homer aware that they will allow consumption on site since it is being considered by the State to allow sales of food and drink other than cannabis related in the same location.

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

Motion carried.

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

Motion carried.

NEW BUSINESS

A. Welcome New Commissioner!

Chair Young welcomed Commissioner Clark. Commissioner Clark was excited to be on the commission and looks forward to assisting in getting this industry to Homer.

B. Next Meeting Deliverables, Agenda Items

Commissioner Harris requested review of general operations guidelines such as wastewater, ventilation and if the city would be adding anything. Commissioner responses to the request was that the State requirements would be more than adequate and did not see what more they could do.

INFORMATIONAL MATERIALS

- A. 2016 Meeting Schedule and Packet Processing Deadlines
- B. 2016 Commission Attendance at Council Meetings

Commissioner Robl volunteered to attend the May 9th meeting
Commissioner Carroll volunteered for the June and July meetings
Commissioner Harris volunteered for August 8, 2016 meeting.

- C. Kenai Peninsula Borough Ordinance 2016-07 and Related Memoranda
- D. Cannabis Conundrum - Article from the ABA Banking Journal Feb 2014 Issue re Banking & Marijuana

Commissioner Sarno commented that the article was a bit out of date and that there is discussion of creating a State Bank so that there would be an option available and would address the concerns of the Cole Memo. City Planner Abboud responded that the City Attorney has information on banking that could be available for the next meeting. Commissioner Reynolds also commented on the action at the Federal level that may be going forth in the not too distance future.
Commissioner Carroll offered some comments on the California vote on recreational marijuana.

- E. ADN News Article dated April 17, 2016 re: Cannabis Clubs
- F. Local Governments and Marijuana Regulations Revised 040216 A Guide for the City of Homer

Commissioner Reynolds commented that the document was very informative and recommended keeping the document to refer to for each meeting. There was a lot of valuable information that was put together for them.

- G. Notice of Marijuana Control Board Meeting - April 27, 2016

COMMENTS OF THE AUDIENCE

Jeremiah Emmerson thanked the commission for their work and commended them on their actions. He knows it is not easy. He wanted to provide input on the taxes, sales taxes of 3% would be good on retail since they do not have the overhead that growers do, so to have another excise tax in addition to what the state is charging is not favorable. He also commented that Homer will not get a penny if there are no licenses so he advocated for changing the zoning out on the Spit. He then advocated for changes in the rural residential regarding cultivation.

Wes Schact, resident of Fritz Creek commented on the removing of marijuana from the Schedule 1 list with the Feds with regard to the banking issues. He has found that eco-tourism industry is a growing industry and with everybody coming to Homer if could be very lucrative for the city. He offered that having a low sales tax on cannabis businesses would be alright. He commented on the benefits to B & B's charters, etc.

COMMENTS OF STAFF

City Planner Abboud had no comments

Deputy City Clerk Krause commented on the ability to collect fees or taxes could be done simply by existing staff and that creating the forms would be as simple as converting some existing Borough forms for City use. That this should be done since the revenue is very important to off

COMMENTS OF THE CHAIR

Chair Young passed on her comments.

COMMENTS OF THE COMMISSION

Commissioner Robl, Stead, Sarno and Clark had no comments.

Commissioner Harris commented that it was a very good meeting and cannabis is here and the businesses are coming and if they don't do anything in the city then the businesses are just going to set up right outside the city

Commissioner Carroll thanked Chief Robl for addressing the paraphernalia issue with Alaska Glass Shop.

Commissioner Reynolds commented that Chair Young did a great job running the meeting and thank you.

ADJOURN

There being no further business to come before the Commission, the meeting adjourned at 6:33 p.m. The next regular meeting is scheduled for THURSDAY, MAY 26, 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: _____