

**Minutes of the Veneta City Council
Work Session
October 13, 2014**

Present: Sandra Larson, Thomas Cotter, Victoria Hedenstrom, and Thomas Laing

Absent: Brittany Boothe

Others: Ric Ingham, City Administrator; Kay Bork, Community Development Director; Katie Babits, Management Analyst; Darci Henneman, Assistant City Recorder, Lauren Sommers, Legal Counsel; and Joan Mariner, Fern Ridge Review

1. CALL TO ORDER

Mayor Sandra Larson called the Work Session of the Veneta City Council to order at 6:06 p.m.

2. RECREATIONAL MEDICAL MARIJUANA ORDINANCE

a) Overview of Measure 91

City Attorney, Lauren Sommers reviewed her power point presentation with the City Council and asked if there were any questions.

In response to a question from Thomas Laing, Ms. Sommers said gifting up to an ounce (oz.) of marijuana would not be taxed or require a license. She said recreational restrictions do not apply to medical card holders because the Oregon Health Authority (OHA) retains jurisdiction over medical dispensaries.

In response to a question from Mayor Larson, Ms. Sommers said the Oregon Liquor Control commission (OLCC) will create regulations for limitations for recreational marijuana.

In response to a question from Thomas Cotter, Ms. Sommers said the taxation measure doesn't apply to production of marijuana that do not to exceed 4 plants or 8 oz. per household. She said the explanatory statement is somewhat general. She said only four plants per household are allowed, regardless of how many adults live in the household.

In response to a question from Thomas Laing, Ms. Sommers said OLCC drafted the rules from the alcohol regulations and she expects Oregon to rely on Washington's recreational marijuana regulations.

Ms. Sommers said a private group of citizens drafted Measure 91.

In response to a question from Mayor Larson, Ms. Sommers said the legislature can change the language or appeal it, not as a constitutional amendment but just a state statute.

In response to a question from Victoria Hedenstrom, Ms. Sommers said if Measure 91 passes the tax will be imposed when the grower sells it to the wholesaler.

Ms. Sommers said the license would only be on legal establishments and no one will be licensed until 2016 so recreational marijuana cannot be taxed before that. She said medical dispensaries can be taxed because they're already licensed.

In response to a question from Victoria Hedenstrom, Ms. Sommers said the City is preempted from taxing alcohol but we could do a sales tax. She said Ashland has a restaurant tax and Multnomah County has an income tax.

In response to a question from Mayor Larson, Ms. Sommers said one of the reasons for not imposing the tax is to keep the price at or below the illegal market. She said that's an argument from the preparers of Measure 91 - keeping prices steady and because marijuana is so expensive in Washington, people are going back to the black market. She said the City will only receive state shared revenue if we have recreational licenses within City limits. She said tax revenue from shops outside City limits would go to Lane County.

Ingham said we don't want to make the tax so high that producers don't locate in the City of Veneta.

Ms. Sommers said a portion of the revenue is also dedicated to law enforcement purposes, theoretically, the more licenses the more need to have the law enforcement presence.

Ms. Sommers reviewed the prohibitions with the Council.

In response to a question from Thomas Cotter, Ms. Sommers said she's not sure if medical dispensaries will be able to sell recreational marijuana but medical marijuana will not be taxed. She said medical dispensaries can only distribute to card holders and can't sell it to anyone.

b) Proposed Ordinance (see Council packet for Ordinance No. 515)

Ingham said only Ordinance No. 515 is before the Council tonight. He said the resolution will be part of a future work session.

In response to a question from Thomas Cotter, Ms. Sommers advised the Council to adopt the ordinance and resolution to be effective before December 4th which is the effective date of Measure 91. She said because the ordinance is a tax measure, it cannot take effect immediately and would have to be adopted before November 3rd because we have to wait 30 days for enactment. She said we have more time with the resolution and what you want to do in terms of the tax rates as long as it's adopted by December 4th. She suggested adopting both the ordinance and resolution by December 4th.

In response to a question from Mayor Larson, Ms. Sommers said the tax rate can be changed by resolution and be set with some flexibility. She said resolutions are easier than ordinances to adopt and there is always an argument that by changing the rates, you have changed the effective date of the ordinance.

Ingham said staff's intent was to bring the taxing resolution back to the Council in December.

In response to a question from Mayor Larson, Ms. Sommers said if Measure 91 passes it will be legal for recreational retailers to sell extracts but not homemade extracts; which fall under the category of infused marijuana.

c) Proposed Taxing Rate Resolution

In response to a question from Ingham, Ms. Sommers said the tax is really built around a restaurant sales tax. She said the City of Ashland drafted the tax to be on the retail seller. She suggested the tax be on the purchaser and she did it that way because it's a formula that cities are familiar with. Also in the case of a bankruptcy, the seller is holding those funds for the City and would not be subject to bankruptcy laws. She said she hasn't heard convincing arguments that one is better than the other but cities are taxing both sellers and purchaser - with the purchaser paying the tax - like transient room and gas taxes.

In response to a question from Thomas Laing, Ingham said you could visit the medical marijuana dispensary to find out what the cost is. He said there are so many varieties, it's hard to say what the cost is.

Ms. Sommers said the tax will be a percentage of the total gross sales.

Mayor Larson suggested having some idea of what marijuana is selling for on the black market so any tax imposed doesn't exceed that.

Thomas Cotter said no matter what the product is selling for we want a percentage. He said we could set it anywhere from 0 to 25% and at some point amend the resolution to set a specific tax amount.

d) Proposed Implementation Dates
This item was not discussed.

e) Questions from Council
After a thorough discussion about language in section 12 regarding a confidentiality clause, it was the consensus of the Council to leave the language as it was presented.

There was also a consensus of the Council to not tax medical marijuana at this time.

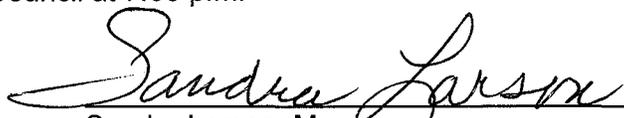
In response to a question from Thomas Cotter, Ms. Sommers said the ordinance allows for a tax on both medical and recreational marijuana. She suggested including language in the resolution to address taxing each separately.

The Council agreed.

In response to a question from Mayor Larson, Ms. Sommers said it wouldn't surprise her if OLCC follows the same placement restrictions as OHA placed on facilities being placed within 1000 feet from schools.

3. OTHER
None

4. ADJOURN
Mayor Larson adjourned the Veneta City Council at 7:00 p.m.


Sandra Larson, Mayor

ATTEST:


Darci Henneman, Assistant City Recorder
(Minutes prepared by DHenneman)