

# Marijuana Advisory Committee Final Report





# City and Borough of Sitka

Marijuana Advisory Committee

Final Report, February 2016

---

Dear Assembly Members,

The Marijuana Advisory Committee (MAC) was created to research issues and give recommendations to the Assembly regarding the legalization of marijuana and its recreational use. Shortly thereafter, this committee was also designated as an interim Local Regulatory Authority (LRA) to be able to receive 50% of the required state licensing fee, as well as act as a regulatory entity on its own if the State failed to enact regulations, and in conjunction with the State otherwise.

All meetings were held at the Sealing Cove Business Center and publicly noticed per State requirements. Local press were often present for the meetings and consistently and thoroughly reported details of the meetings. Public participation ranged from 2 to 18 people at any given meeting, with representation by elements of the community who were committed to providing both supportive and dissenting opinions with regard to marijuana legalization. Generally there were more people in attendance who were supportive of a marijuana industry than there were those against.

Initially meeting twice a week for two hours, then cutting back to a single two-hour meeting per week, the MAC analyzed many substantive issues. The Committee passed two resolutions on to the City Assembly for consideration. Resolution 2016-01 requested that the State Department of Law revise the 500 foot set-back provision specified in 3AAC 306.010. Resolution 2016-02 requested that the Alaska Department of Revenue remit 50 percent of the State excise tax levied on all marijuana products produced by cultivators back to municipalities. Both resolutions were passed by the Assembly.

The Marijuana Advisory Committee submits the following final report:

1. The Marijuana Advisory Committee discussed the topic of planning and zoning as pertains to the marijuana industry at length. The MAC eventually arrived at a compromise which took the form of a hybrid proposal, recommending industrial, Central Business District, and the Gary Paxton Special District be permitted use and all others be by conditional use permit. Ultimately, through interaction with the Planning Commission, it was determined that the conditional use permit process for all marijuana businesses in all zones would afford the greatest degree of control and opportunity for enforcement. Therefore, the MAC recommends that all permitting be done through the conditional use permit process at this time.
2. The MAC has met with the Wastewater and Electric Departments. As no foreseeable undue burden would be placed on the Wastewater Department, the MAC recommends regular

commercial rates for any marijuana related businesses. The Electric Department requests notification of any marijuana commercial ventures, but they do not expect any unusual burdens would be placed upon City electric infrastructure as a result of the establishment of marijuana businesses. However, the Electric Department would request any license applications forwarded to their department for the purpose of making contact with the prospective licensee to inquire as to their anticipated need.

3. The MAC recommends that indoor, on-site consumption be allowed in licensed marijuana dispensaries.
4. On the topic of taxation, one of the points that prompted action was the concern that at some point in the future the State government may choose to prohibit the levying of any excise taxation on marijuana sales. As was the case with taxation of alcohol, it was possible that any excise taxation that predated any such action by the State would likely be “grandfathered” in. The Committee recommends the imposition of a 2% point-of-sale excise tax on all retail sales of marijuana in Sitka.
5. With regard to the testing of marijuana, the small communities of Alaska with no access to the road system would have a difficult time implementing a viable marijuana industry due to the lack of reasonable access to testing facilities in other parts of the State. At present, Federal law does not allow for the movement of marijuana products via air or water. Additionally, full testing facilities which would meet state standards, are cost prohibitive for all of the small communities which would need one.

Therefore, the Committee recommends that the Assembly take the position that the State should allow testing to state labelling standards, by means that have been determined to be acceptable to the municipality. This would require the label show THC content, CBD content, presence of mold, pesticides and filth, as well as strain. This recommendation is a result of the difficulty in transporting marijuana in federally controlled waters and airspace where it is still considered illegal.

6. The MAC recommends that the Assembly designate a permanent Local Regulatory Authority made up of no less than seven, at-large members.

The Committee recognizes that this industry is in its infancy, and that as a result its administration will continue to morph and refine for years to come. Considerable lucidity toward the goal of effective administration can be gained by experience alone. In light of these limitations of foresight, the members of the Marijuana Advisory Committee would like to offer their continued support, if ever it is deemed to be helpful.

Marijuana Advisory Committee  
Final Report to the Assembly  
Signed on the 29<sup>th</sup> day of February, 2016  
Committee Members

Chair Levi Albertson

Vice-Chair Andrew Hames

Joseph D'Arienzo

Lindsay Evans

Pamela Ash

Jay Stelzenmuller

Darrell Windsor

Steven Eisenbeisz

Bob Potrzuski