

# *Cannabis Regulatory Commission*

Regular Meeting

Thursday, February 7, 2019

Council Chambers, City Hall, One Frank H. Ogawa Plaza

## MINUTES

### **Members:**

Lanese Martin	District 1	Frank Tucker	District 7
Chang Yi	District 2	Jeff Hutcher	At Large
Zach Knox	District 3	Stephanie Floyd-Johnson	Mayor
Jin Jack Shim	District 4	Vacant	City Auditor
Matt Hummel	District 5	Greg Minor	City Administrator
Derreck Johnson	District 6		

Available on-line at: <https://www.oaklandca.gov/boards-commissions/cannabis-regulatory-commission>

### MEETING AGENDA

#### A. Roll Call and Determination of Quorum

*Present: Martin, Yi, Knox, Shim, Hummel, Hutcher, Floyd-Johnson, Minor*

*Absent: Johnson, Tucker*

#### B. Open Forum / Public Comment

*Lupe Schoenberger urged the City of Oakland to ensure that cannabis permit applicants moving through the building and fire permitting processes receive state provisional licenses.*

*Kaine Cherry encouraged the City of Oakland to develop a progressive cannabis tax policy that reinvests in local communities and strengthens the equity program.*

#### C. Review of the Pending List and Additions to Next Month's Agenda

- *Use of cannabis tax revenues (since July 2017)*
- *Annual report (since September 2017)*

*Member Minor mentioned upcoming grant opportunity with state SB 1294 funds and how it would be helpful if the commission/public shared its views on how best to utilize those funds. Member Hummel moved to add SB 1294 to the pending list. Member Shim seconded the motion and it passed by consensus.*

*Member Martin requested that the CRC agendaize the use of cannabis tax revenue. Member Shim seconded the motion and it passed by consensus.*

Persons may speak on any item appearing on the agenda; however, a Speaker Card must be filled out and given to a representative of the Cannabis Regulatory Commission. Multiple agenda items cannot be listed on one speaker card. If a speaker signs up to speak on multiple items listed on the agenda, the Chairperson may rule that the speaker be given an appropriate allocation of time to address all issues at one time (cumulative) before the items are called. All speakers will be allotted 3 minutes or less – unless the Chairperson allots additional time.

♿ This meeting is wheelchair accessible. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meetings of the Cannabis Regulatory Commission, please contact the Office of the City Clerk (510) 238-3612. Notification two full business days prior to the meeting will enable the City of Oakland to make reasonable arrangements to ensure accessibility. In compliance with Oakland's policy for people with chemical sensitivities, please refrain from wearing strongly scented products to events.

Questions or concerns regarding this agenda, or to review any agenda-related materials, please contact the Cannabis Regulatory Commission at (510) 238-6370.

D. Approval of the Draft Minutes from the Cannabis Regulatory Commission meeting of January 2019.

*Member Hummel moved to approve the draft minutes. Member Floyd-Johnson seconded the motion and it passed by consensus.*

E. Reports for Discussion and Possible Action

1. Brown Act and Oakland Sunshine Overview

*Deputy City Attorney Amadis Sotelo provided an overview of the Brown Act, Oakland's Sunshine Ordinance and parliamentary rules of procedure.*

*Vice-Chair Knox asked if there was an update from the City Attorney's Office on when its opinion of the CRC's authority post-Proposition 64 would be available. Deputy City Attorney Sotelo replied that he did not have a specific timeline but expected it would be soon.*

2. Councilmembers Kalb and Kaplan's Ordinance to Harmonize Cannabis Business Tax Rates

*Chair Yi offered an overview of the tax proposals. Members offered a variety of comments, including:*

- *Member Shim recommended the City lower the annual gross receipts tax rate to 3 percent*
- *Member Hutcher suggested cannabis operators implementing environmentally sustainable practices should receive a tax discount.*
- *Vice-Chair Knox suggested any new tax rate should be reviewed in five years to allow for flexibility.*
- *Member Martin encouraged there to be deferred tax payments for equity applicants and to examine different tax rates for different business types as not all may provide the same benefits to the City.*
- *Chair Yi mentioned how San Francisco exempts small businesses from taxes.*

*Numerous public speakers spoke in favor of reducing the cannabis tax rate.*

*Member Hummel then moved for the CRC to recommend for lowered annual cannabis business tax rate of three percent that is effective retroactive to 2018 and to immediately explore tax credits to lower the tax rate to two percent for businesses that meet environmental or other goals, to exempt businesses with less than \$500k in annual gross receipts from cannabis taxes, and for this rate to be reexamined in five years. Member Hutcher seconded the motion and it passed by consensus, with Members Minor and Martin abstaining.*

*Members also encouraged people to attend the upcoming March 19<sup>th</sup> City Council Finance Committee when the issue of cannabis tax rates will be taken into consideration.*

3. CRC's 2016-2018 Annual Report

*Member Minor offered to put together an initial draft of the report and forward it to the Annual Report Subcommittee for its review prior to next meeting.*

4. Dispensary Runner-Ups

*Vice-Chair Knox highlighted that there is a gap in the City's Request for Permit Applications (RFPA) process that allows applicants who are not able to close deals after undergoing a public hearing to have an indefinite time period before opening and that there needs to be a cut off at some point.*

*Vice-Chair Knox then moved that the City revise its process to require applicants to close on their property within 90 days of receiving conditional approval by the City or else the next applicant in line gets to move forward in the process. Member Martin seconded the motion and it was approved with Members Hutcher and Yi voting no.*

5. Cannabis Special Events

*Numerous speakers spoke in support of Cloud Sesh and the City legalizing its events.*

F. Announcements

1. Update on Cannabis Permitting Process.

*Member Minor provided an update on the cannabis permitting process.*

G. Adjournment