



CITY OF SAINT PAUL

ALASKA

MEMORANDUM TO COUNCIL

TO: Mayor and City Council Members

FROM: Phillip A. Zavadil, City Manager

CC: Aubrey Wegeleben, City Clerk; Stephanie Mandregan, Finance Director

DATE: November 7, 2023

RE: Ordinance 23-09 - Amending the City Code of Ordinances by Adding Title 5 – Business Licenses and Regulations, Chapter 5.15 – Marijuana Regulations

SUMMARY: Ordinance 23-01 approves amending the City Code of Ordinances by adding Title 5 – Business Licenses and Regulations, Chapter 5.15 – Marijuana Regulations.

PREVIOUS COUNCIL ACTION: Council approved the first reading of this ordinance on November 2, 2023.

BACKGROUND AND DISCUSSION: The following changes were made to this ordinance since the meeting on November 2, 2023:

- 5.15.020(b)(2) changed police to law enforcement in two places;
- 5.15.020(d) added “In the written report the City Manager must clarify whether the proposal meets the buffer zone requirements of 3 AAC 306.010, which states:

The board will not issue a new marijuana establishment license, or approve an application for a transfer of a license to another location, if the licensed premises will be located within 500 feet of a school ground, a recreation or youth center, a building in which religious services are regularly conducted, or a correctional facility. The distance specified in this subsection must be measured by the shortest pedestrian route from the public entrance of the building in which the licensed premises would be located to the outer boundaries of the school ground, the outer boundaries of the recreation or youth center, the main public entrance of the building in which religious services are regularly conducted, or the main public entrance of the correctional facility. This section does not prohibit the renewal of a marijuana establishment license, a license conversion under 3 AAC 306.047, or the transfer of a marijuana establishment license to another person if the licensed premises were in use before the school ground, recreation or youth center, the building in which religious services are regularly conducted, or a correctional facility began use of a site within 500 feet.

If a marijuana establishment license for premises located within 500 feet of a school ground, a recreation or youth center, a building in which religious services are regularly conducted, or a correctional facility is revoked or expires, the board will not issue another marijuana establishment license for the same premises unless the school ground, the recreation or youth center, the building in which religious services are regularly conducted, or the correctional facility no longer occupies the site within 500 feet.

- 5.15.120(b)(1) deleted Public Transportation. Licensees shall make available to their patrons access to means of public transportation or permit patrons to make arrangements for transportation off the premises;
- 5.15.210(b) added Any reference to other provisions of law shall be automatically deemed to mean the law as may be amended from time to time.

The fees for a new retail establishment would be \$1,000 application fee; and \$5,000 licensing fee. Annual renewal fees would be \$600 renewal application fee; and a \$7,000 renewal licensing fee. These fees would be paid to the State of Alaska.

The state does not collect taxes the cultivation of marijuana products and not the retail sale. This could change in the future. There is a bill in the legislature that would shift the tax from cultivators to retailers (HB 119).

ALTERNATIVES: Council could choose not to approve this ordinance.

FINANCIAL IMPLICATIONS: The MuniRevs system that the City uses to collect and track sales tax will need to be updated. The cost to implement changes to MuniRevs to include this new tax estimated to be. The City could receive an estimated \$10,000 to \$40,000 in new tax revenue.

LEGAL: The City's general legal counsel has reviewed and provided recommended changes to the enacting ordinance and coded ordinance.

ADMINISTRATION COMMENTS AND RECOMMENDATION: Administration recommends approval of this ordinance.

PROPOSED MOTION: I move to approve Ordinance 23-08.

ATTACHMENTS: Ordinance 23-09, revised draft of Chapter 5.15 – Marijuana Regulations, and 3 AAC 306 Regulations for the Marijuana Control Board.