

CITY OF COQUILLE
CITY COUNCIL MEETING MINUTES
October 2, 2014

COUNCIL PRESENT: Mayor Matt Rowe, Councilors Loran Wiese, Susan Heaton, Fran Capehart, Dave Chappelle, Dennis Graham, and Linda Short.

STAFF PRESENT: City Manager Ben Marchant, Finance Director Chuck Dufner

PRESS: Coquille Valley Window

AUDIENCE: A roster of those present is on file in the City Recorder's Office

1. CALL TO ORDER

Mayor Rowe called the meeting to order at 5:11 p.m.

2. PLEDGE OF ALLEGIANCE

3. ORDINANCE 1493 AN ORDINANCE ESTABLISHING A TAX ON THE SALE OF MARIJUANA AND MARIJUANA-INFUSED PRODUCTS IN THE CITY OF COQUILLE.

Mayor Rowe said Ordinance 1493, an ordinance establishing a tax on the sale of marijuana and marijuana-infused products in the City of Coquille, is the only agenda item for this meeting. The Ordinance has been posted in the cities display boxes, on the city website for review, and there are copies available tonight. Mayor Rowe said he will open public hearing on Ordinance 1493 to take comment.

Mayor Rowe opened the public hearing at 5:12 p.m.

Marcella Simerly, 986 N Collier St. Coquille, asked if the City taxes the liquor store, City Manager Marchant said no, that the state has exclusive right to tax liquor. She asked if measure 91 taxes medical marijuana, and Councilor Wiese said it does not. Ordinance 1493 is written to tax medical and recreational marijuana. Wiese said he does not agree with taxing medical marijuana. Ms. Simerly said taxing medical marijuana could be a question for legal challenge from the dispensaries. Mayor Rowe said that the FDA does not consider marijuana medicine. Ms. Simerly asked if the FDA changes the ruling how would that affect the ordinance. Mayor Rowe said there might be a motion to amend the ordinance to remove the 5% tax on medical marijuana, and the amendment would be discussed by council. Mayor Rowe is concerned that Ms. Simerly is asking council to speculate on the future, and council does not make decisions today based on how things could be in the future.

Robert Lantz, 74 W First St. Coquille, feels it would be discriminatory to tax only one business or product. Mayor Rowe said the City is allowed to make discriminatory decisions under the State of Oregon Home Rule Authority. The City passed an ordinance providing for a moratorium on marijuana dispensaries. The Council is considering an ordinance to help with the additional burden that would be put on the City if dispensaries are allowed and if marijuana is legalized.

Dianne Courtright, Coquille Valley Window, asked what burdens dispensaries could impose on the City. Mayor Rowe said there would be a negative impact to the city if dispensaries are allowed because they would become targets for theft, robbery and crime that would require additional police response. Councilor Wiese said he believe our pharmacy has only had on burglary. Councilor Chappelle believed that was correct, and that the liquor store has also had only one. Councilor Short is concerned about the burden of collecting the tax. City Manager Marchant said he did not think it would be an issue. Councilor Chappelle said the purpose of the tax is to create additional revenue. Councilor Wiese is not sure the City will see any of the tax money, as he thinks the state may get all of it.

Dave Jennings, 1585 N Dean Coquille, has worked with adult and juvenile offenders, and there have been cases where they have broken into marijuana grows. The use of marijuana has increased by youth and adults. He feels that by the City getting the tax on the books, they are more likely to receive it in the future. He also thinks if the tax is too high that people will go to the black market where they can buy it for less.

Mayor Rowe closed the public hearing at 5:31 p.m.

Councilor Wiese is not in favor of medical marijuana being taxed. Councilor Wiese asked if the council decided not to charge a tax on medical marijuana could the ordinance be changed. City Manager Marchant said the ordinance could be amended. City Manager Marchant said Councilor Heaton had asked the question if medical marijuana could be taxed since we do not tax other medicines. Attorney Muenchrath replied that he had not researched the "medicine tax" issue. Apparently, the other cities have not either. His initial thought was that medical marijuana is not classified as "medicine" under the FDA, as the Federal Government does not recognize our medical marijuana as legal. He did not digress into the federal/state government issues, but that was his first thought. It is not obtained at a pharmacy, and his understanding is that the Oregon statute does not place it on the same footing as "prescribed" and "regulated" medications. Next, his advice to the council is to go ahead and tax it as the other cities are doing the same. The only harm would be that if someone challenges it, and it would simply take out the "medical" marijuana portion of the tax. He recommended keeping it in. He could go further into it, but didn't think it was necessary at this time without more specific research. Councilor Wiese said he understands what Attorney Muenchrath is saying, but you have to go to the doctor to get a card and to get the medical marijuana. Councilor Chappelle said that this was covered at the League of Oregon Cities, and pharmacies do not carry it because they are federally regulated, and marijuana is a federal violation. If you have a card you have to get it from a grower. Councilor Chappelle said there a lot of holes in the current medical marijuana law. City Manager Marchant said there are a lot of issues and it is hard to predict how this will turn out. City Manager Marchant said the additional following questions were asked: Is there sales tax on any other product? City Manager Marchant said we do not have any other sales tax. How are sales that are not under the medical marijuana umbrella noted and enforced, and how will holding back (merely) 5% be checked? Compliance is checked by the program administrator or manager. Just like any other tax collected by a merchant they fill out their paperwork, and send their money to the Finance Director or his designee. The merchant can be audited randomly, not at all, or when something seems fishy. Does the state require a particular way to book keep and is our system set up to handle that? Marchant said the state does not have any requirements.

Councilor Wiese made a motion to read ordinance 1493 by title only. Councilor Capehart seconded the motion, and all voted in favor.

Councilor Capehart made a motion to adopt ordinance 1493, an ordinance establishing a tax on the sale of marijuana and marijuana-infused products in the City of Coquille. Councilor Short seconded the motion.

Mayor Rowe said this is not an endorsement to legalize marijuana or to encourage dispensaries in the City of Coquille.

Councilor Graham - Yes
Councilor Heaton - Yes
Councilor Wiese - Yes
Mayor Rowe - Yes
Councilor Chappelle - Yes
Councilor Short - Yes
Councilor Capehart – Yes

The Motion passed.

6. ADJOURNMENT

Mayor Rowe adjourned the council meeting at 5:49 p.m.

Mayor, Matt Rowe

City Recorder, Rene Collins