



SEATTLE CITY COUNCIL

Finance and Housing Committee

Agenda

Wednesday, March 2, 2022

9:30 AM

Remote Meeting. Call 253-215-8782; Meeting ID: 586 416 9164; or
Seattle Channel online.

Teresa Mosqueda, Chair
Lisa Herbold, Vice-Chair
Alex Pedersen, Member
Sara Nelson, Member
Andrew J. Lewis, Member

Chair Info: 206-684-8808; Teresa.Mosqueda@seattle.gov

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<http://seattle.gov/cityclerk/accommodations>.



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Committee Website:

<http://www.seattle.gov/council/committees/finance-and-housing>

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

Pursuant to Washington State Governor's Proclamation No. 20-28.15 and Senate Concurrent Resolution 8402, this public meeting will be held remotely. Meeting participation is limited to access by the telephone number provided on the meeting agenda, and the meeting is accessible via telephone and Seattle Channel online.

Register online to speak during the Public Comment period at the 9:30 a.m. Finance and Housing Committee meeting at
<http://www.seattle.gov/council/committees/public-comment>.

Online registration to speak at the Finance and Housing Committee meeting will begin two hours before the 9:30 a.m. meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

Submit written comments to Councilmember Mosqueda at
Teresa.Mosqueda@seattle.gov

Sign-up to provide Public Comment at the meeting at
<http://www.seattle.gov/council/committees/public-comment>

Watch live streaming video of the meeting at
<http://www.seattle.gov/council/watch-council-live>

Listen to the meeting by calling the Council Chamber Listen Line at
253-215-8782 Meeting ID: 586 416 9164

One Tap Mobile No. US: +12532158782,,5864169164#

Please Note: Times listed are estimated

A. Call To Order

B. Approval of the Agenda

C. Public Comment

D. Items of Business

1. National City Panel on Cannabis Policies and Programs

Supporting
Documents: [Sacramento Presentation](#)
[Denver Presentation](#)

Briefing and Discussion

Presenters: Lydia Edwards, Boston City Councilmember; Gregory Minor, City of Oakland; Larissa Wohl and Davina Smith, City of Sacramento; Abbey Borchers City and County of Denver; Sarah Woodson, The Color of Cannabis; Timeka Drew, Founder and CEO, BIKO

2. **Department of Finance and Administrative Services Cannabis Equity**

Supporting Documents: [Presentation](#)

Briefing and Discussion

Presenter: Lachen Chernyha and Rick Dimmer, Department of Finance and Administrative Services

E. Adjournment



Legislation Text

File #: Inf 2002, **Version:** 1

National City Panel on Cannabis Polices and Programs



CANNABIS OPPORTUNITY REINVESTMENT AND EQUITY (CORE) PROGRAM

March 2, 2021



City of Sacramento and Office of Cannabis Management Revenue Generation

- Non-CORE business permitting fees fund Office of Cannabis Management and all related activities:
 - CAO, Code, PD, Building, Planning
 - Permitting fees are collected when the Business Operating Permit (BOP) application is submitted
 - CORE Program does not currently have a permanent funding source
- City Tax
 - 4% on all cannabis business revenue
 - Not differentiated by type of business
 - Revenue goes into General Operating fund for the City



CORE Program Background

- Equity study conducted in 2017 at request of City Council
- City personnel and community members worked together to create recommendations for an equity program from study data
- Following these recommendations, the City Council authorized staff to create a program to address the negative impacts of disproportionate enforcement of cannabis-related violations on individuals, families and communities.
- In 2018, the City Council adopted Resolution 2018-0323, establishing the Cannabis Opportunity Reinvestment and Equity (CORE) Program to assist individuals and communities who face barriers when trying to start cannabis businesses.
- Participants in the CORE program receive cannabis-business development resources, business training and mentorship, financial and technical assistance, support services, and more.



CORE Numbers

- Cultivation: 6 out of 93 (4 CORE apps)
- Delivery only: 6 out of 57 (24 CORE apps)
- Distribution: 5 out of 42 (8 CORE apps)
- Manufacturing: 5 out of 34 (9 CORE apps)
- Microbusiness: 1 out of 7 (1 CORE app)
- Testing lab: 0 out of 3 (0 CORE app)
- Storefront: 1 out of 30 (0 CORE app)

24 CORE BOPS issued/ 46 Pending

Over 300 eligible CORE members



Current CORE Program Benefits & Resources

■ Grants

- 2020: \$1.2 million in State equity funding (FY19) disbursed as \$25K reimbursement grants per permit application
- 2022: \$1.6 million in State equity funding (FY21), CORE Stakeholder driven process, first come-first served, \$125K for those with leased/owned locations
- FY22 grant program with \$4.35 million in State equity funding
 - Looking at combination of small and large grants
 - Setting aside \$800K-\$1 million for competitive process for larger projects

■ Core Capital Loan Program

- 2021: \$3.7 million in State grant funding to establish zero-interest loan program
- Initial loans of \$25K/\$50K & \$50K follow on loans
 - Initial funding depleted and now a revolving loan fund



Current CORE Program Benefits & Resources

- Educational Opportunities and Direct Technical Support through Third Party Facilitators
 - The first two years, contracted with Sacramento Asian Pacific Chamber of Commerce and Greater Sacramento Urban League, operating two different programs
 - This year, only one contract (SACC)
 - Facilitators provide:
 - Verification of Eligibility
 - Direct Technical Assistance
 - Workshops and Classes (now online)
 - 1:1 support and mentorship
 - Access to industry professionals for legal support and more
 - Reports are that needs of all CORE members are not being met



What's Next?

- CORE Media and Community Outreach Campaign
 - Recently signed a contract with a local firm
 - Purpose is to highlight the CORE program and its members, introduce the Sacramento area to CORE entrepreneurs, their businesses and products, and encourage consumers to seek out CORE products and vendors
- Technical Assistance and Education RFP
 - Developing new RFP for organization to provide better support for CORE members with the goal to meet them where they are
 - Services to include
 - § Financial management/literacy
 - § Support securing locations
 - § Business Plan Development
 - § Area specific training (cultivation, manufacturing, etc)



What's Next? Continued

- Cannabis Industry Wide Study
 - Requested by the City Council to revisit the impact of the cannabis industry on the City
 - Scope included ownership, land use and regulation, taxes, economic/fiscal impact
- Cannabis Equity Study
 - RFP currently out for bid for a follow-on study to dive deeper into cannabis equity in Sacramento
 - Goal is to measure the success of and identify growth opportunities for equity in the cannabis industry and in the CORE program, and to inform public policy pertaining to cannabis land use, fiscal/economic, and other regulations through an equity lens.



What's Next? Continued

■ Workforce Development

- Important to engage CORE eligible residents who may find that opening a business is not for them; support job seekers in a growing industry to provide them with the skills necessary to succeed
- Working with the Economic Development team to identify opportunities to create a viable program (living stipend, pipeline to employment, different tracks based on needs of industry and job-seekers)



Challenges

- Balancing grants and loans
 - Both are appropriate in different situations
 - Providing advice/recommendations around access to capital that has been historically denied to CORE participants
 - Communicating implications of taxable grant income
 - Larger grants may have more of an impact for individuals and smaller grants can potentially assist more people
 - Delaying loan repayments would affect revolving loan fund availability but collecting sooner often means businesses are not yet up and running
- Addressing reality/feelings of pitting community members against each other for limited resources



Challenges

- CORE Stakeholder community is not a monolith
 - Pre-existing business experience or connections
 - Involving stakeholders in developing grant programs uncovered competing interests; recognizing we won't be able to meet everyone's needs and desires
- Is the goal of an equity program the number of people verified as CORE participants, or is it the number of successful business after two or three years? What is our role beyond regulating in assisting applicants in opening a successful business?
 - In many ways, what we are being asked to do is different from other regulatory and permitting agencies.



Marijuana Regulation in Denver

Abbey Borchers, Policy Analyst
Denver Dept. of Excise and Licenses

Marijuana Business Licensing

State vs. Denver Responsibilities

State Licensing Authority + Marijuana
Enforcement Division



Issues state marijuana licenses, issues employee and owner licenses, regulates matters of statewide concern such as packaging, labeling, testing, production management, etc.

Denver Department of Excise and
Licenses



Issues corresponding local marijuana licenses, regulates time, place, and manner of marijuana businesses and regulates matters of local concern such as location requirements, public hearings, advertising, etc.

Denver Marijuana Business Licenses

Denver currently has **943** active marijuana business licenses.

That's **35%** of the state's marijuana licenses.

Denver is home to **12%** of the state's population.

| Licensed Business | # of Licenses | # of Locations |
|--------------------------|---------------|----------------|
| Cultivation Facilities | 395 | 235 |
| Stores | 333 | 205 |
| Manufacturing Facilities | 187 | 101 |
| Testing Facilities | 10 | 5 |
| Transporters | 18 | 12 |
| Research & Development | 1 | 1 |
| Hospitality | 1 | 1 |
| Total | 943 | 447* |

*Some locations have several licenses and license types at one location. E.g., one location could have both medical and retail grow licenses, a MIP license and a retail and medical store license. Therefore, the total number of locations will not be a sum of the various location types.

Economic Impact

Marijuana Sales – Colorado & Denver

| DENVER | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------|----------|----------|----------|----------|----------|----------|----------|
| RETAIL SALES | \$149.7M | \$219.3M | \$291.5M | \$377.5M | \$392.5M | \$434.9M | \$514.4M |
| MEDICAL SALES | \$180.1M | \$191.4M | \$212M | \$206.4M | \$155.5M | \$153.6M | \$200.5M |
| TOTAL | \$329.8M | \$410.7M | \$503.5M | \$584M | \$548M | \$588.5M | \$714.9M |
| TOTAL YOY% CHANGE | – | 25% | 23% | 16% | -6% | 7% | 21% |

| COLORADO | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------|----------|----------|----------|----------|----------|----------|----------|
| RETAIL SALES | \$303.2M | \$577.5M | \$861.6M | \$1.1B | \$1.2B | \$1.4B | \$1.7B |
| MEDICAL SALES | \$380.3M | \$418.1M | \$445.6M | \$416.5M | \$332.2M | \$338.5M | \$442.5M |
| TOTAL | \$683.5M | \$995.6M | \$1.3B | \$1.5B | \$1.5B | \$1.7B | \$2.2B |
| TOTAL YOY% CHANGE | – | 46% | 31% | 15% | 3% | 13% | 25% |

Denver:

- Retail Marijuana sales in Denver in 2020 increased 18% year over year from 2019.
- Medical Marijuana sales in Denver in 2020 increased 31% year over year from 2019 sales.

Colorado:

- Retail Marijuana Sales in Colorado in 2020 increased by 25% from 2019 to 2020.
- Medical Marijuana Sales for the State of Colorado in 2020 increased 31% from 2019 sales.

HOW IS MARIJUANA TAXED IN DENVER?

Medical marijuana is subject to standard state and local sales taxes:

| | |
|--|--------------|
| Denver Standard Sales Tax*: | 4.81% |
| State Standard Sales Tax:** | 2.90% |
| Other local taxes: (Regional Transportation District and Scientific and Cultural Facilities District) | 1.10% |
| Medical Marijuana Sales Tax: | 8.81% |

In November 2013, Denver voters approved adding a special sales tax on retail marijuana that could vary from 3.5 to 15.0%. The tax is in addition to standard sales tax and all other applicable state taxes. Since 7/1/17, retail marijuana is exempt from the state standard sales tax, but is subject to both state and local special sales taxes:

| | |
|--|---------------|
| Denver Standard Sales Tax*: | 4.81% |
| Denver Special Sales Tax on Retail Marijuana**: | 5.50% |
| State Special Sales Tax on Retail Marijuana:*** | 15.0% |
| Other local taxes: (Regional Transportation District and Scientific and Cultural Facilities District) | 1.10% |
| Retail Marijuana Sales Tax: | 26.41% |

*Within the 4.81% Standard Sales Tax for Denver, there are several dedicated uses. This includes .15% for the Denver Preschool Fund, .25% for Parks, .25% for Mental Health, .08% for College Affordability, .08% for Healthy Food Access, .25% for Climate and .25% for Homelessness. The remaining 3.5% goes in the City General Fund.

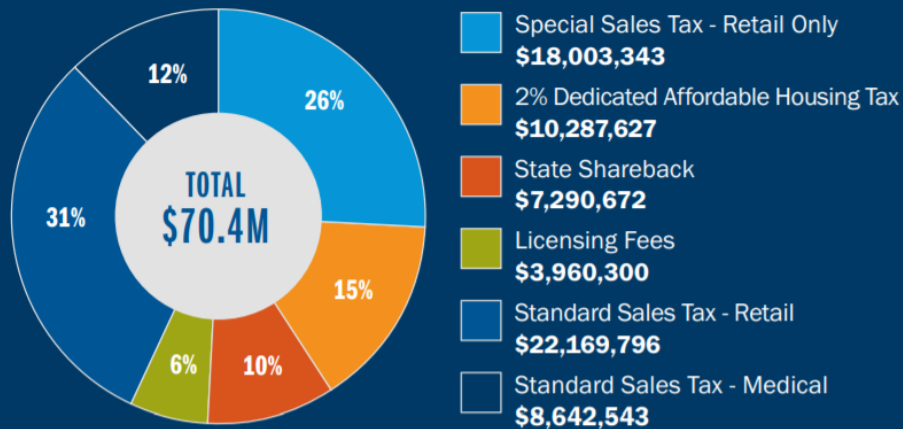
**The Denver Special Sales Tax can increase from 3.5 to 15% when authorized by City Council. In October 2018, there was an increase on the special sales tax from 3.5 to 5.5% to contribute funds towards the city's affordable housing project.

***10% of the State Special Sales Tax is shared with local jurisdictions.

2020 Marijuana Revenue Breakdown

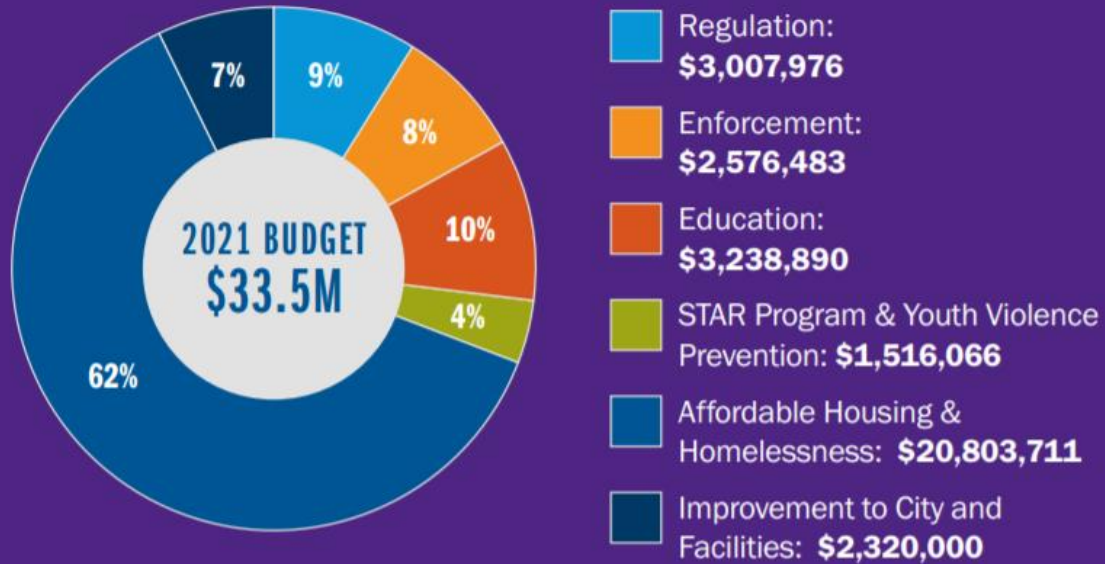
2020 Total Revenue = \$70.4 million

MARIJUANA REVENUE SOURCES FOR 2020

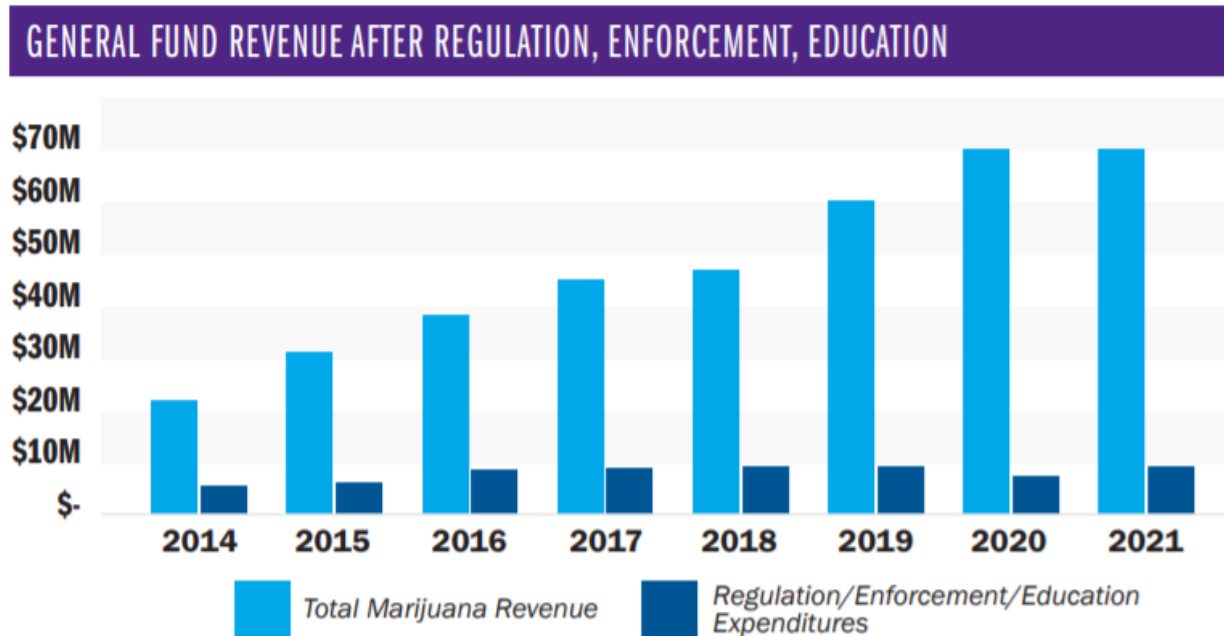


- All revenues go to the general fund (about 5% of general fund).
- The special retail sales tax and the state shareback are allocated toward Denver's immediate needs for marijuana regulation, enforcement and education.
- As of 2018, 2% of the special sales tax for retail marijuana is dedicated to affordable housing programs.
- The licensing fees and retail standard sales are used for city services, as is the case with medical marijuana taxes collected.

2020 RETAIL MARIJUANA SPECIAL SALES TAX AND STATE SHAREBACK ALLOCATION

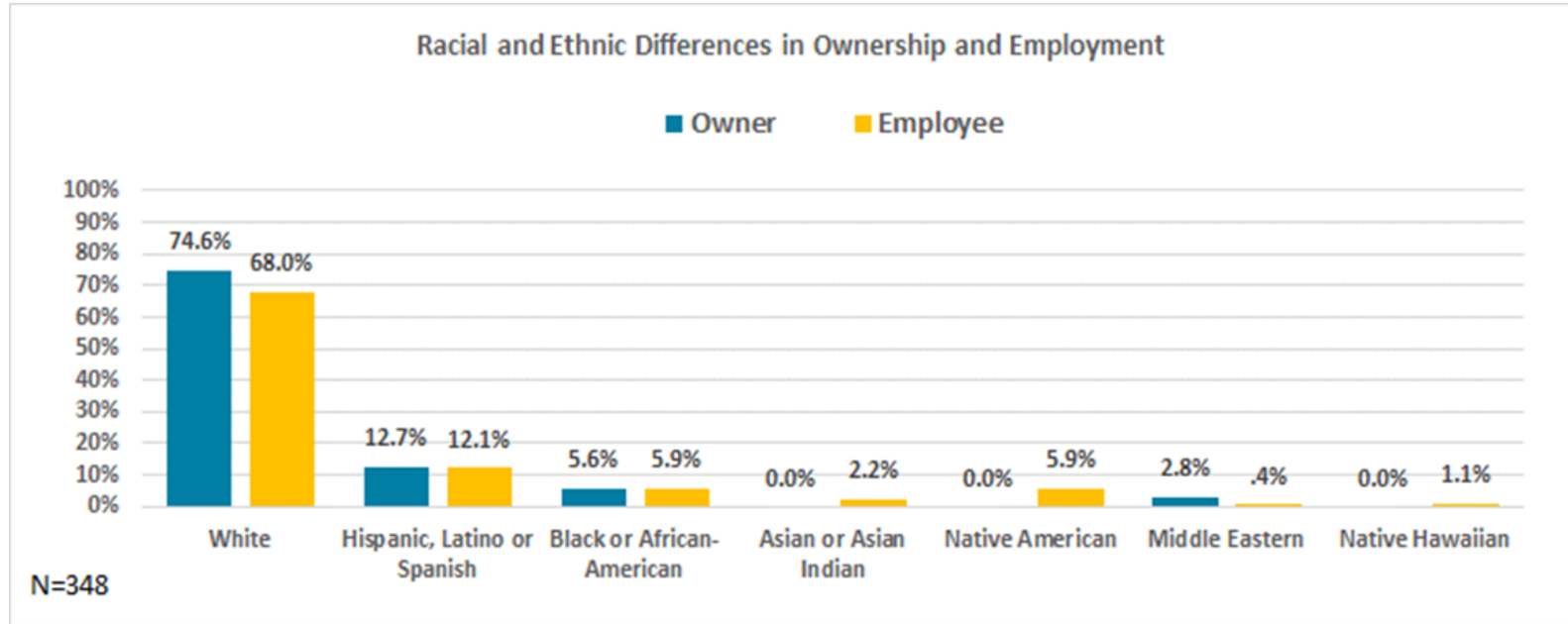


Denver – Marijuana Revenue vs Expenses

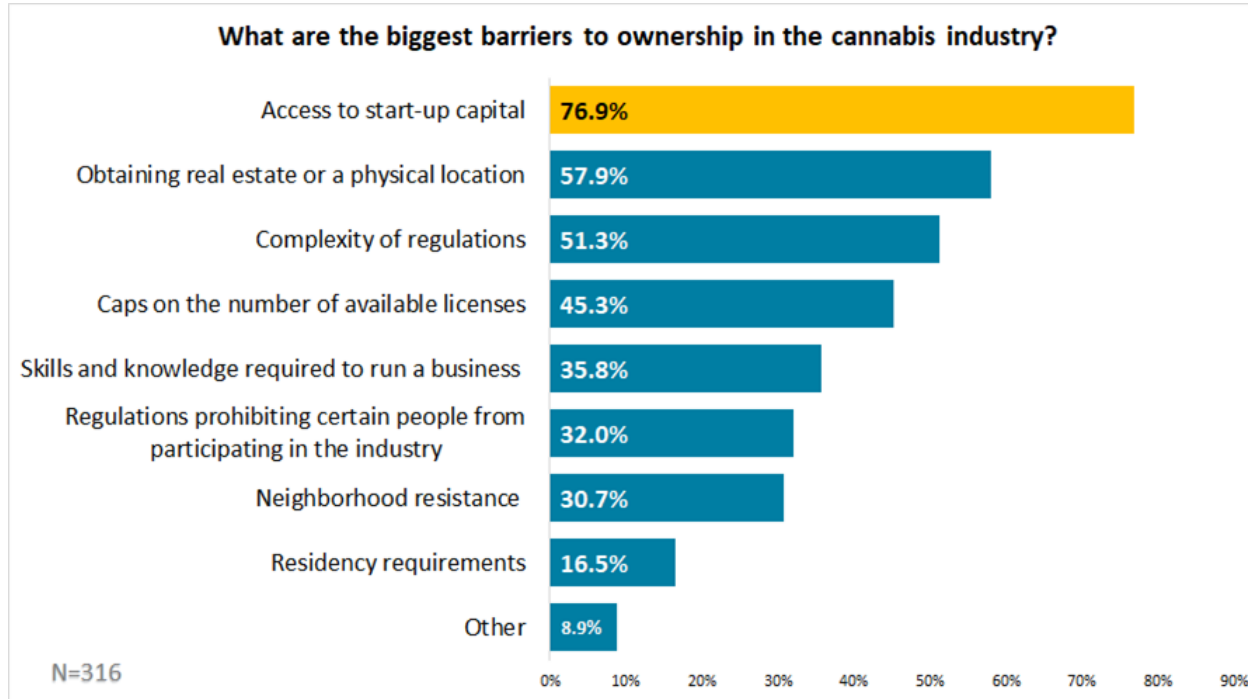


Social Equity

Cannabis Industry Demographics

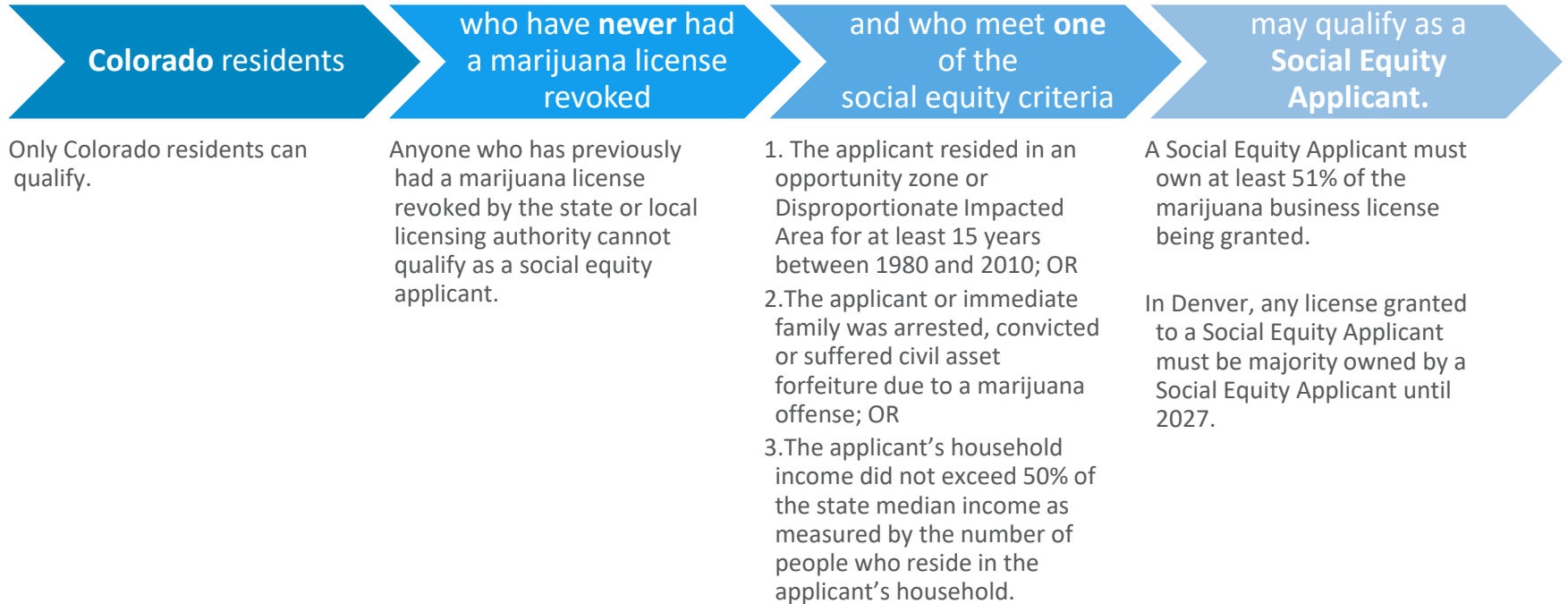


Barriers to Entry



Source: [2020 Cannabis Business and Employment Opportunity Study](#)

Who qualifies as a Social Equity Applicant?



Opportunities for Social Equity Applicants

Licensing Exclusivity

- Social equity applicants will have exclusive access to the following licenses until July 1, 2027:
 - Stores
 - Transporters
 - Cultivations
 - Manufacturing
 - Hospitality, Mobile Hospitality, Hospitality & Sales

Delivery Exclusivity

- Only transporters who qualify as social equity applicants will be granted transporter delivery permits until July 1, 2024.
- Stores will be required to use transporters to conduct deliveries until July 1, 2024.

Reduced Fees

- Waived application fees and reduced licensing fees for existing license types
- Lower than normal application and license fees for new license types



Thank You!

Web: [Denvergov/MarijuanaInfo](https://denvergov.org/MarijuanaInfo)

Email: MarijuanaInfo@Denvergov.org



Legislation Text

File #: Inf 2003, **Version:** 1

Department of Finance and Administrative Services Cannabis Equity

Cannabis Equity Racial Equity Toolkit (RET)

Cannabis Equity Panel, Finance and Housing Committee

March 2, 2022

March 2, 2022

Department of Finance and Administrative Services



City of Seattle

Background

- The City of Seattle legalized cannabis in 2015 without considering social equity in licensing.
- Ownership of these businesses is not accessible to all.
- Compelled engagement with former and existing Black business owners.



Cannabis Legalization History

- 2012 - WA and CO were the first states to legalize cannabis.
- Complex state licensing process and no outreach.
- None of the Seattle Black owned medical operators were licensed in Seattle.
- 2020 - State Social Equity in Cannabis licensing program.
- 2021 - The program was expanded to define eligibility.



Change in Perspective

- The City and State have acted to undo the harm caused by cannabis criminalization.
- 2018 - CAO and MO filed a motion with SMC.
- 2019 - State can remove records with just one cannabis conviction and vacate cannabis misdemeanors if the person is 21 or older when charged.



FAS Racial Equity Toolkit – FAS, OED, SDCI, OCR

The RET seeks to eliminate racial disparities by building a new systemic structure and centering Black communities through:

- Access to licenses and capital
- Access to business education and mentorship
- Community Reinvesting
- Small Business Association (SBA) business plan support
- Flexibility to pivot quickly as new barriers arise
- Reinvest proceeds into the Black community, and
- Rebuilding generational wealth



Stakeholder Engagement

- Two dozen stakeholder engagements.
- 200 Community members and City Departments.
- Cannabis Community Forum in February 2020.
- Themes that the City heard from the community were: community, accurate data collection, monetary support, include a marginalized group currently omitted, and legal concerns.



Additional Recommendations from Stakeholders

1. Dedicate \$1M for ten years.
2. Align with the State's Social Equity Task Force recommendation.
3. Partner with OED to develop a program to assist Black retail cannabis license holders.
4. Support OED to implement grants for those most impacted by the War on Drugs.
5. File a motion with King County Superior Court to vacate convictions and dismiss charges for Felony cannabis possession.



Proposed Timeline and Schedule

- 2022 - Dedicate \$1M per year to Seattle Cannabis Equity Program.
- 2023 - Launch Seattle Cannabis Equity Program.
- 2023 - Seek additional cannabis retail licenses for Seattle.
- 2024 - Partner with other City departments to implement a grant program for those most impacted by the War on Drugs in Seattle.



Key Policy Change Recommendations

- Equity in business licensing, lowering licensing fees (FAS)
- Reducing buffering and dispersion requirements (SDCI)
- Providing grants or loans and technical assistance (OED)
- Mentorship and business planning (OED)
- Investment in communities most impacted (OED)



Thank you so much for this opportunity to talk about our efforts to promote equity in the cannabis industry, and we look forward to working with you towards these goals moving forward.

Any questions?

