



SEATTLE CITY COUNCIL
CENTRAL STAFF

Cannabis Equity

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FINANCE & HOUSING COMMITTEE

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CB 120391 – Cannabis Equity

Background

- Initiative 502 was approved by voters in November of 2012.
- State removed prohibitions against producing, processing, and selling cannabis, allowed limited possession of cannabis by persons aged 21 and older, and created a licensing and regulatory scheme, imposed excise taxes.
- City of Seattle established zoning regulations, required business licenses and related fees.
- Most cannabis-related changes were done without racial equity lens.

CB 120391 – Cannabis Equity

Racial Equity Toolkit

- Facilities and Administrative Services led inter-departmental team to conduct a RET on the City's cannabis policies.
- The RET detailed disproportionate harm to Black individuals, families, and communities both before and after legalization.
- Stakeholder recommendations included \$1M of funding per year for a Seattle Cannabis Equity Program.
- FAS team also recommended increasing equity in business licensing, reducing buffering and dispersion requirements, providing grants/loans and technical assistance to black cannabis businesses, providing mentorship, investing in communities most impacted by cannabis prohibition enforcement.

CB 120391 – Cannabis Equity

CB 120391 expresses City's intention to:

- Include cannabis equity issues in the City's 2023 State and Federal Legislative Agendas.
- Advocate with King County for the expungement of cannabis convictions.
- Partner with organizations that represent negatively impacted communities to mitigate the damage of the federal War on Drugs.
- Pursue funds from the State and Federal government for cannabis equity work.
- Fund a Cannabis Needs Assessment.
- Appoint an advisory committee comprised of workers, industry members, and community members to support the Cannabis Needs Assessment.

CB 120391 – Policy Issues

- The City’s cannabis equity RET identified several actions the City could take to address past harms and racial disparities, some of which are not included in the proposed CB 120391.
- Options:
 - Amend CB 120391 to include some or all of the RET recommendations;
or
 - Take no action.

CB 120391 – Policy Issues

- CB 120391 would commit to funding a Cannabis Needs Assessment. The Assessment is anticipated to cost approximately \$250,000. There is currently no funding identified to support this work.
- Options:
 - Amend CB 120391 to identify a funding source;
 - Amend CB 120391 to remove the Needs Assessment until a funding source is identified; or
 - Take no action.

CB 120391 – Policy Issues

- CB 120391 states that the City will appoint an advisory committee to be comprised of “workers, industry members, and community members impacted by the federal War on Drugs...” but gives no additional guidance on eligibility or selection of advisory committee members.
- Options:
 - Amend CB 120391 to give additional guidance on the process of selecting advisory committee members;
 - Amend CB 120391 to give additional guidance on the eligibility criteria for advisory committee members; or
 - Take no action.

CB 120391 – Potential Amendments

1. Cannabis Needs Assessment (Mosqueda)

- Would add a new Section 10 to CB 120391 to provide additional guidance on the preferred characteristics for the organization selected to conduct the Assessment.

CB 120392 – Cannabis Licensing

- Creates new no-fee social equity license and criteria
- Removes fees for premises reinspection and license reinstatement
- Expands licensed activity, in anticipation of potential state legislation
 - On-premise consumption
 - Delivery
 - Special event consumption
- Modifies terminology from “marijuana” to “cannabis”

CB 120392 – Cannabis Licensing Fees

Marijuana License Type	2019 (Ord 125703)		Proposed (CB 120392)	
	Annual Fee	Related Fees ¹	Annual Fee	Related Fee ²
Inside City	\$3,500	\$250	\$3,500	\$250
Inside City - Social Equity Applicant	n/a	n/a	\$0	\$0
Outside City ³	\$2,000	\$250	\$2,000	\$250
Outside City - Social Equity Applicant	n/a	n/a	\$0	\$0

CB 120392 – Social Equity License Criteria

- Cannabis retailer licenses – criteria for social equity applicants
 - At least 51% ownership by individual(s) who have resided in a disproportionately impacted area as defined below (length of residence TBD by LCB)
 - High poverty rate
 - High rate of participation in income-based federal or state programs
 - High rate of unemployment
 - High rate of cannabis-related arrest, conviction or incarceration
 - At least 51% ownership by individual(s) of a family member of an individual previously convicted of a cannabis offense or a drug offense
 - Other criteria TBD by FAS Director after LCB adopts its criteria
- LCB public hearing on draft rules 9/14; adoption 9/28 or later

CB 120392 – Policy Issues

- The City's eligibility criteria for social equity license applicants must be consistent with LCB's forthcoming rules
 - Options:
 - Postpone action, pending LCB's final rules, and/or
 - Pass CB 120392 but require Council approval of any criteria changes
 - Take no action
- Adding a no fee social equity license could affect FAS' cost recovery for the cannabis licensing program
 - Options:
 - Request an annual cost recovery report to Council
 - Take no action

CB 120392 – Potential Amendments to Date

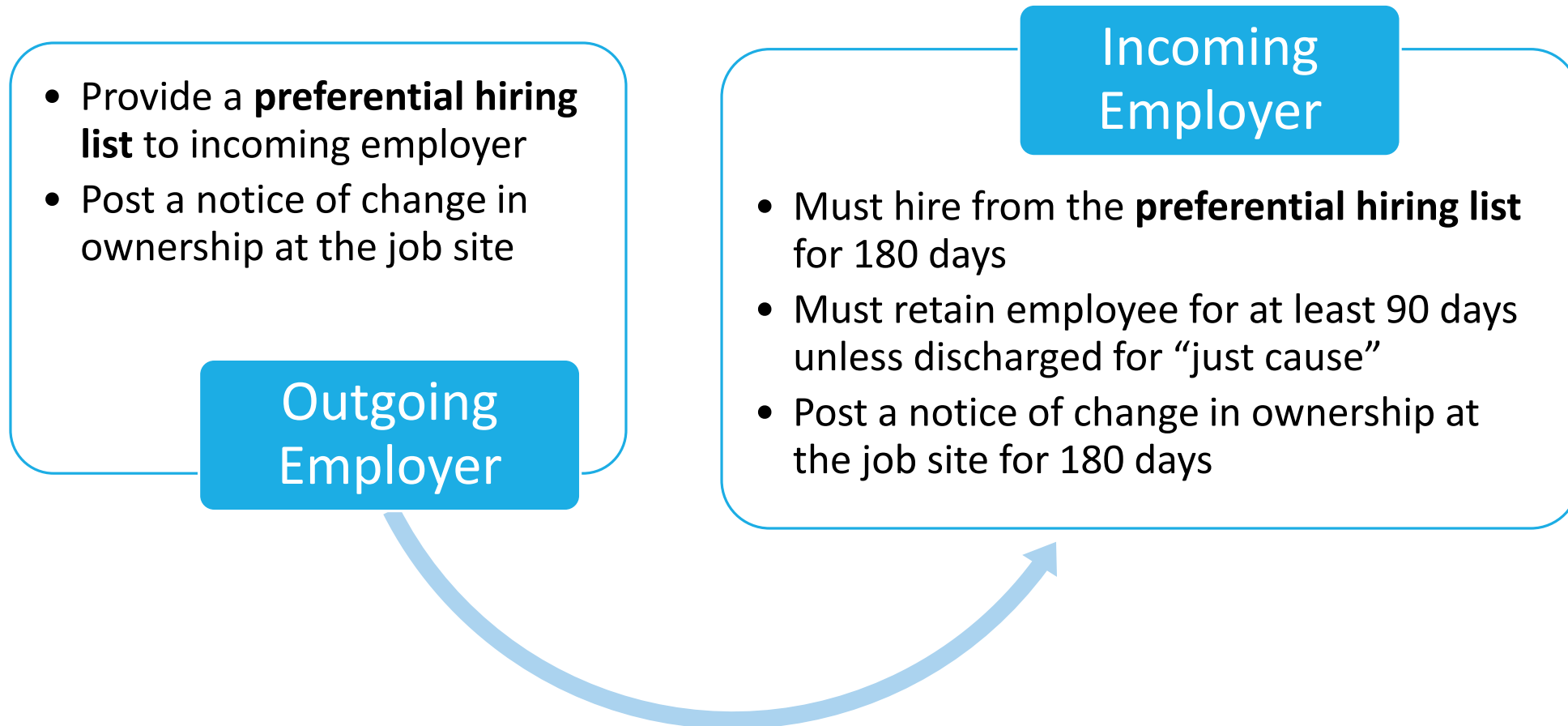
- Fee reductions for small businesses producing or transporting cannabis in Seattle (CM Herbold)

- Social equity license priority for previous owners of medical marijuana dispensaries (CM Nelson)

CB 120393 - Cannabis Job Retention Ordinance

- Requires Cannabis Business Employers take certain actions to reduce job insecurity caused by changes in ownership
- **Covered Employers:** those who own, operate and/or control a cannabis business.
 - Licensed under SMC Chapter 6.500
 - Integrated enterprises
- **Covered Employees:** those who work at a covered cannabis business for at least 30 days prior to a change in ownership.

CB 120393 - Employer Obligations



CB 120393 - Employer Obligations Cont'd

- Notice and Posting
 - Written notice to employees of the names used by any associated integrated enterprises
 - To be incorporated into current Notice of Employment Information (NOEI) obligations
 - Notice of rights afforded under the ordinance
- Recordkeeping requirements for three years (standard)

Questions?