



SEATTLE CITY COUNCIL

Finance and Housing Committee

Agenda

Wednesday, August 17, 2022

9:30 AM

Council Chamber, City Hall
600 4th Avenue
Seattle, WA 98104

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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SEATTLE CITY COUNCIL
Finance and Housing Committee
Agenda
August 17, 2022 - 9:30 AM

Meeting Location:

Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

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.

Members of the public may register for remote or in-person Public Comment to address the Council. Details on how to provide Public Comment are listed below:

Remote Public Comment - Register online to speak during the Public Comment period at the meeting at <http://www.seattle.gov/council/committees/public-comment>. Online registration to speak will begin two hours before the 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.

In-Person Public Comment - Register to speak on the Public Comment sign-up sheet located inside Council Chambers at least 15 minutes prior to the meeting start time. 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

Please Note: Times listed are estimated

A. Call To Order**B. Approval of the Agenda****C. Public Comment****D. Items of Business**

1. [CB 120391](#) **AN ORDINANCE establishing the City's commitments and plans for supporting cannabis workers and supporting communities disproportionately harmed by the federal War on Drugs.**

*Supporting
Documents:*

[Summary and Fiscal Note](#)

[Central Staff Memo](#)

[Presentation](#)

[Central Staff Memo \(8/17/22\)](#)

Briefing, Discussion, and Possible Vote

Presenters: Dan Eder and Brianna Thomas, Mayor's Office; Amy Gore, Council Central Staff

2. [CB 120392](#) **AN ORDINANCE relating to licensing cannabis businesses in Seattle; establishing social equity applicant criteria for cannabis businesses; setting fees for cannabis businesses; expanding the purposes for which a cannabis license may be issued in the future; updating references in the code to “cannabis”; and amending Chapter 6.500 of the Seattle Municipal Code.**

Supporting

Documents: [Summary and Fiscal Note](#)

[Central Staff Memo](#)

[Presentation](#)

[Amendment 1](#)

Briefing, Discussion, and Possible Vote

Presenters: Dan Eder and Brianna Thomas, Mayor's Office; Lise Kaye, Council Central Staff

3. [CB 120393](#) **AN ORDINANCE relating to employment in Seattle; adding a new Chapter 8.38 to the Seattle Municipal Code; and amending Sections 3.02.125 and 14.20.025 of the Seattle Municipal Code.**

Supporting

Documents: [Summary and Fiscal Note](#)

[Central Staff Memo](#)

[Presentation](#)

Briefing, Discussion, and Possible Vote

Presenters: Dan Eder and Brianna Thomas, Mayor's Office; Jasmine Marwaha, Council Central Staff

4. **Economic and Revenue Forecast - August Update**

Supporting Documents: [Presentation](#)

Briefing and Discussion

Presenters: Ben Noble, Director, Jan Duras, and Sean Thompson, Office of Economic and Revenue Forecasts; Julie Dingley, Director, Dave Hennes, and Alex Zhang, City Budget Office

5. **General Fund Financial Plan Update**

Briefing and Discussion

Presenters: Aly Pennucci and Tom Mikesell, Council Central Staff

6. **Quarterly Seattle Rescue Plan Spending Update**

Supporting Documents: [Presentation](#)

Briefing and Discussion

Presenters: Julie Dingley, Director, and William Chen, City Budget Office

E. Adjournment



Legislation Text

File #: CB 120391, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE establishing the City’s commitments and plans for supporting cannabis workers and supporting communities disproportionately harmed by the federal War on Drugs.

WHEREAS, the unequal enforcement of cannabis laws results in racially disproportionate arrests and

incarcerations causing inter-generational poverty, housing insecurity, loss of education and employment opportunities, disruption of family structures and other burdens; and

WHEREAS, the use of the term “marijuana” in the United States has discriminatory origins and should be replaced with the more scientifically accurate term “cannabis”; and

WHEREAS, Initiative 502, the 2012 ballot measure that legalized recreational use of cannabis by adults over 21 years of age in the State of Washington, did not include provisions or create programs to acknowledge the disproportionate harms the enforcement of cannabis laws has on certain populations and communities, primarily Black communities; and

WHEREAS, Seattle cannabis businesses are owned primarily and operated by White men. This is also reflected nationally, as entry and success in the industry requires a combination of personal/generational wealth, access to unrestricted capital, technical expertise and a clean criminal record. The Washington State Liquor and Cannabis Board released ownership demographic data to the City of Seattle Department of Finance and Administrative Services (FAS) in 2018 and 2020 that confirms this disparity. As of January 2020, 42 of Seattle’s 48 cannabis retail stores had White majority ownership, and 37 of those stores were owned by white men; and

WHEREAS, the racial disproportionalities in the cannabis industry extend beyond licensing and ownership to professional development and professional advancement; and

WHEREAS, jobs in the cannabis industry pose unusual risks to workers in both retail and processing due to the prevalence of cash-based transactions, use of volatile chemicals in manufacturing, and contagion exposure; and jobs in the cannabis industry involve a product that is highly regulated in Washington and remains illegal under federal law; and

WHEREAS, FAS launched a Racial Equity Toolkit (RET) in 2018 to examine racial disparities in the licensing of cannabis businesses in Seattle. Research and engagement with hundreds of community stakeholders resulted in recommendations to address disproportionate ownership of Seattle cannabis businesses and redress some of the harms caused by the racially unequal enforcement of prior cannabis laws; and

WHEREAS, those recommendations include: eliminating City licensing fees for individuals who meet social equity criteria; reducing buffering and dispersion requirements to ensure there are desirable locations available for cannabis business licensees who meet social equity criteria; providing grants or loans, technical assistance, and business planning and mentorship to cannabis business applicants and licensees who meet social equity criteria; and investment in communities most harmed by the disproportionate enforcement of prior cannabis laws; and

WHEREAS, the City finds that it is necessary and appropriate to regulate the emerging cannabis industry within the City to improve workforce training and development, provide employee protections, and remedy the damage caused by cannabis prohibition and the failed War on Drugs to communities of color and marginalized communities; and

WHEREAS, cannabis businesses operating in the City of Seattle must be licensed by both the City and the State, and City laws and regulations of cannabis businesses must be consistent with State law; and

WHEREAS, this licensure affords the City an opportunity to engage with the cannabis industry and advance these recommendations; and

WHEREAS, in 2020, the State passed legislation, further amended in 2021 and 2022, to establish a Social Equity in Cannabis program. The purpose of the legislation is to provide business opportunities to cannabis license applicants who were disproportionately impacted by the unequal enforcement of cannabis prohibition laws; and

WHEREAS, the program authorizes the Washington State Liquor and Cannabis Board to issue retailer licenses that were previously forfeited, cancelled, revoked, or never issued but which could have been issued without exceeding the statewide cap on the number of retail licenses set in rule by the Board. These licenses will only be issued to applicants who meet certain social equity criteria established by State law and further clarified by rules to be promulgated by the Washington State Liquor and Cannabis Board. The program also establishes a technical assistance grant program for applicants who meet social equity criteria; and

WHEREAS, the Washington State Social Equity in Cannabis Task Force was established in 2020 and amended in 2021 and 2022 to make recommendations to the Washington State Liquor and Cannabis Board to promote business ownership among individuals who have been disproportionately impacted by the War on Drugs in order to remedy the harms resulting from the unequal enforcement of cannabis-related laws; and

WHEREAS, in addition to recommending the issuance of additional cannabis retailer, producer and processor licenses for those who meet certain criteria for social equity, the Washington State Social Equity in Cannabis Task Force is currently considering recommendations for the legislature to establish new cannabis business license types. The Task Force is also considering recommendations to make the new license types exclusive to those who meet certain criteria for social equity through 2029; and

WHEREAS, the City supports the establishment of new license types by the State, recognizing that Washington is behind other states in creating a variety of paths to market for cannabis consumers, producers, and retailers. The City also recognizes making these license types exclusive to social equity applicants

creates a unique opportunity for individuals who have been disproportionately impacted by the War on Drugs, and who have historically been excluded from opportunities in the legal cannabis industry, to launch competitive cannabis businesses with a reasonable chance for success; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The City will include issues of cannabis equity on its 2023 State Legislative Agenda to be adopted later this year. These could include cooperative licensing, expungement of criminal records, social equity licensing for ancillary businesses, access to capital, and technical assistance.

Section 2. The City will include issues of cannabis equity on its 2023 Federal Legislative Agenda to be adopted later this year.

Section 3. The City will advocate partnership with King County to seek the expungement of cannabis convictions handed down prior to 2014.

Section 4. The Mayor's Office will use summer legal interns to participate in and partner with ongoing regional efforts to work on expungement of cannabis convictions handed down prior to 2014.

Section 5. The City intends to continue to partner with organizations that represent communities negatively impacted by the federal War on Drugs to ensure increased opportunities to ameliorate that damage including, but not limited to, cannabis related business ownership.

Section 6. The City will continue to partner with organizations advocating for the advancement, safety, and retention of cannabis workers.

Section 7. The City will pursue funds from the State and Federal government to address these aims.

Section 8. The City will fund a Cannabis Needs Assessment to further clarify what investments and improvements in this burgeoning industry could be supported by the City moving forward. At a minimum, the study will provide demographic information about workers currently employed in Seattle's cannabis industry. In addition to evaluating the training needs of the incumbent workforce, the study will evaluate and determine the highest training needs of those workers who wish to advance in the industry beyond entry-level positions

and also those seeking to become new owners. The study will include recommendations about whether and how to fund such training.

Section 9. To aid in the scoping of this needs assessment, the City will appoint an advisory committee comprised of workers, industry members, and community members impacted by the federal War on Drugs. The work of this advisory committee will commence in Quarter One of 2023, with a task of completing the scope of the needs assessment no later than the end of Quarter Two 2023. The advisory committee will then be tasked with reviewing the results of the needs assessment and providing recommendations to the Mayor and the Council no later than 60 days after the completion of the needs assessment, at which time the committee shall be dissolved.

Section 10. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the _____ day of _____, 2022, and signed by me in open session in authentication of its passage this _____ day of _____, 2022.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2022.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2022.

Elizabeth M. Adkisson, Interim City Clerk

(Seal)

Attachments:

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
Mayor's Office	Brianna Thomas x4-7955 Dan Eder x4-8147	N/A

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE establishing the City's commitments and plans for supporting cannabis workers and supporting communities disproportionately harmed by the federal War on Drugs.

Summary and background of the Legislation: The federal War on Drugs disproportionately impacted Black, Indigenous, and People of Color. Cannabis businesses operating in the City of Seattle must be licensed by both Seattle and the State of Washington; and Seattle cannabis businesses are owned primarily by White men.

The legislation would memorialize the City intent to take a series of actions:

1. Include issues of cannabis equity on the City's 2023 State Legislative Agenda.
2. Include issues of cannabis equity on the City's 2023 federal Legislative Agenda.
3. Continue to advocate partnership with King County to seek the expungement of cannabis convictions handed down prior to 2014.
4. Use summer legal interns to work on expungement of cannabis convictions.
5. Continue to partner with organizations that represent communities negatively impacted by the federal War on Drugs to ensure increased opportunities to ameliorate that damage including, but not limited to, cannabis related business ownership.
6. Partner with organizations advocating for the advancement, safety, and retention of cannabis workers.
7. Pursue funds from the State and federal governments to support this work.
8. Fund a Cannabis Needs Assessment to provide demographic information about workers currently employed in Seattle's cannabis industry; determine the highest training needs of those workers wishing to advance in the cannabis industry and become owners; and include recommendations about whether and how to fund such training.
9. Appoint an advisory committee comprised of workers, industry members, and community members impacted by the federal War on Drugs.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes X No

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

Yes. The legislation indicates that the City will fund a Cannabis Needs Assessment, which is estimated to cost \$250,000. There is currently no identified source of funding for the Cannabis Needs Assessment.

Are there financial costs or other impacts of *not* implementing the legislation?

No.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

No.

b. Is a public hearing required for this legislation?

No.

c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

d. Does this legislation affect a piece of property?

No.

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

This legislation establishes expectations for steps the City intends to take to address the disproportionate harms that the federal War on Drugs caused to Black, Indigenous, and People of Color (BIPOC).

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

No.

2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

No.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?**

N/A

Summary Attachments:

August 8, 2022

MEMORANDUM

To: Finance and Housing Committee
From: Amy Gore, Analyst
Subject: CB 120391: Cannabis Equity Ordinance

On Thursday, August 11, the Finance and Housing Committee will discuss three pieces of legislation related to cannabis equity¹, including:

1. [Council Bill \(CB\) 120391](#), which would outline actions the City intends to take to improve racial disparities in the cannabis industry;
2. [CB 120392](#), which would revise several licensing provisions for cannabis retailers, producers, and processors doing business in or with the City of Seattle; and
3. [CB 120393](#), which would require cannabis business employers to take actions to reduce job insecurity caused by changes in business ownership.

The following memo provides background on this suite of legislation, an overview of the Racial Equity Toolkit (RET) performed by an interdepartmental team led by Facilities and Administrative Services (FAS), an overview of CB 120391, policy considerations, potential amendments, and next steps. For more information on proposed changes to licensing, see the Central Staff memo on CB 120392. For more information on cannabis business job security, see the Central Staff memo for CB 120393.

Background

In November of 2012, Washington voters approved Initiative 502, which removed state-law prohibitions against producing, processing, and selling cannabis, and allowed limited possession of cannabis by persons aged 21 and older. In addition, the initiative created a licensing and regulatory scheme for cannabis producers, processors, and retailers, imposed excise taxes on cannabis products, and established a dedicated fund for cannabis industry proceeds to support health care and substance abuse education and treatment.

Following these state changes, the City of Seattle took additional actions related to the cannabis industry, including establishing zoning and regulations related to the cannabis industry ([ORD 124326](#)), and requiring a business license and related fees ([ORD 124807](#), [ORD 125194](#), and [ORD 125703](#)).

¹ The following memo refers to “cannabis” rather than “marijuana,” consistent with current Washington State Law, unless referring to “medical marijuana”.

However, neither state nor local government used a racial equity framework in the legalization of the cannabis industry and the failure to account for equity considerations has both continued and exacerbated racial inequities caused by cannabis prohibition enforcement and policies such as the War on Drugs. Many jurisdictions are now working to address these racial disparities. For example, in 2020 the State of Washington passed [HB 2870](#) which created the Cannabis Social Equity Program to streamline retail licenses to people in communities disproportionately impacted by cannabis prohibition, and allows the Liquor Control Board to prioritize social equity applicants for its remaining unawarded licenses. The bill also allowed for the creation of the Social Equity in Cannabis Task Force.

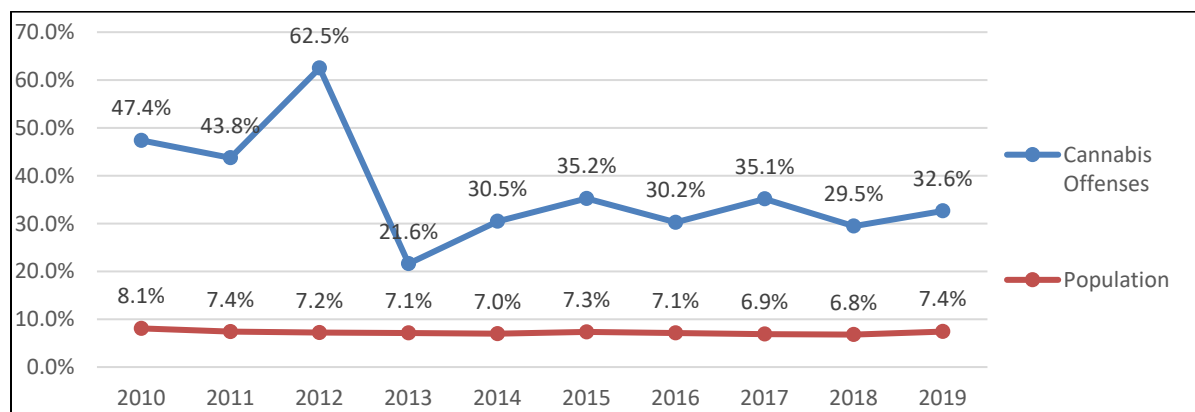
Cannabis Racial Equity Toolkit

FAS conducted an RET of the City’s cannabis policies, working with the Office of Economic Development (OED), Seattle Department of Construction and Inspections (SDCI), and the Seattle Office for Civil Rights (SOCR). Begun in 2018, the group initially focused on equity in cannabis business licensing and fees, but due to engagement feedback expanded their scope to include making systemic changes to the cannabis industry and centering Black communities.

In 2019, the team produced a detailed [Cannabis Equity Survey and Analysis](#). The report describes the harm done to Black residents through enforcement of cannabis policies both before and after legalization of cannabis. For example, in 2012 Black residents represented 62.5 percent of cannabis-related offenses while only 7.2 percent of the City’s population. The harms of these enforcement of cannabis-prohibition include:

- Financial burdens from pretrial detention, bail, and loss of work;
- Impacts of criminal record on eligibility for assistance programs and employment; and
- Incarceration, family separation, and enforcement activities creating emotional trauma on individuals, families, and entire communities.

Chart 1. Comparing Black individuals as a percentage of Seattle cannabis offenses and population



Data Source: Cannabis Equity Survey and Analysis and US Census American Community Survey (1-Year Estimates, Table B02001)

The report also showed that after legalization, none of Seattle’s existing Black-owned medical marijuana businesses were given new licenses by the State. The now-legal cannabis industry is dominated by white ownership, due in part to a lack of access to personal or private capital to invest in legal cannabis businesses and the impacts of prior enforcement action preventing access to legal cannabis licenses. In addition, Black residents are still disproportionately impacted by the enforcement of public consumption laws. For example, in 2019, Black people represented 32.6 percent of City cannabis offenses while only 7.4 percent of the population.

The RET team also conducted stakeholder outreach, reaching over 200 community members and City Departments through two dozen stakeholder engagements, including a cannabis community forum. Engagement highlighted themes including prioritizing communities most impacted by cannabis-prohibition enforcement, collecting accurate data collection, supporting access to banking, funding, and training support, incorporating the medical marijuana community in data and policy decisions, and ensuring the legal viability of social equity programs. Stakeholders recommended that the City:

- Dedicate \$1 million dollars per year for ten years to fund the Seattle Cannabis Equity Program;
- Align with the State’s Social Equity Task Force Program; (See staff memo on CB 120392)
- Partner with OED to develop a program to assist Black retail cannabis license holders;
- Support OED in implementing grants for those most impacted by the War on Drugs; and
- File a motion with King County Superior Court to vacate convictions and dismiss charges for felony cannabis possession.

As described during their March 2, 2022 [presentation](#) to Council, the FAS Leadership team recommended investing \$1 million per year on cannabis social equity and the following policies and programs:

- Increasing equity in business licensing such as lowering licensing fees (See staff memo on CB 120392);
- Reducing buffering and dispersion requirements;
- Providing grants or loans and technical assistance;
- Mentorship and business planning; and
- Investing in communities most impacted by cannabis prohibition enforcement.

CB 120391

CB 120391 would outline several actions that the City plans to take to address racial disparities in the cannabis industry:

- Include cannabis equity issues such as cooperative licensing, expungement of criminal records, social equity licensing for ancillary businesses, access to capital, and technical assistance on its 2023 State Legislative Agenda.

- Include cannabis equity issues on its 2023 Federal Legislative Agenda.
- Advocate for the expungement of cannabis convictions with King County and use summer legal interns to supporting ongoing regional efforts to work on expungement of cannabis convictions.
- Partner with organizations that represent negatively impacted communities to mitigate the damage of the federal War on Drugs, including cannabis-related business ownership and partner with organizations advocating for the advancement, safety, and retention of cannabis workers.
- Pursue funds from the State and Federal government for cannabis equity work.
- Fund a Cannabis Needs Assessment to:
 - clarify investments and improvements that could be supported by the City;
 - provide demographic information about cannabis industry workers;
 - evaluate and determine the training needs of workers to advance beyond entry-level positions and those seeking to become new owners; and
 - make recommendations on whether to fund training and, if so, how.
- Appoint an advisory committee comprised of workers, industry members, and community members to support the Cannabis Needs Assessment, review it, and provide recommendations to the Mayor and Council no later than 60 days after its completion. CB 120391 specifies that the advisory committee will work during the first and second quarters of 2023 to scope the Needs Assessment and that it will be dissolved after completion of this work.

Policy Issues

1. Additional Recommended Actions – As noted above, the City’s cannabis equity RET identified several actions the City could take to address past harm and current racial disparities in the cannabis industry; however not all of these recommendations are included in CB 120391. For example, the RET team recommended reducing buffering and dispersion requirements for cannabis businesses, providing grants or loans and technical assistance, providing mentorship and business planning to support Black-owned cannabis businesses, and investing in communities most impacted by the enforcement of prohibition. All of these remaining RET recommendations would have fiscal impacts, depending on the scale of the program. The recommendation of the RET was to spend \$1 million per year.

Options:

- A. Amend CB 120391 to include some or all of the RET recommendations; or
- B. Take no action.

2. Needs Assessment Funding – 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:

- A. Amend CB 120391 to identify a funding source;
 - B. Amend CB 120391 to remove the Needs Assessment until a funding source is identified;
or
 - C. Take no action.
3. Advisory Committee – 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:

- A. Amend CB 120391 to give additional guidance on the process of selecting advisory committee members;
- B. Amend CB 120391 to give additional guidance on the eligibility criteria for advisory committee members; or
- C. Take no action.

Potential Amendments

To date, there is one potential amendment identified for the Committee’s consideration during the August 17 committee meeting. Proposed Amendment 1, sponsored by Councilmember 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. (See Attachment 1)

Next Steps

CB 120391, as well as CB 120392 and CB 120393, will be discussed during a special meeting of the Finance and Housing Committee on August 11. Councilmembers who would like to propose amendments should contact Central Staff no later than noon on August 12. The Committee will discuss and potentially vote on amendments and the bills during the regularly scheduled Finance and Housing Committee meeting on August 17.

Attachments

1. Proposed Amendment 1 – Cannabis Needs Assessment

cc: Esther Handy, Director
Aly Pennucci, Deputy Director
Asha Venkataraman, Lead Analyst

Amy Gore
Finance and Housing Committee
August 11, 2022
D1b
Attachment 1 – Amendment 1 to CB 120391

Amendment 1 Version 1 to CB 120391– Cannabis Equity ORD

Sponsor: Councilmember Mosqueda
Cannabis Needs Assessment

Effect: This amendment would add a new Section 10 to describe the type of organization that should conduct the Cannabis Needs Assessment, specifying that it shall be conducted by a non-profit, such as We Train Washington.

Add a new section to CB 120391 as follows:

Section 10. The Cannabis Needs Assessment shall be conducted by a non-profit organization, such as We Train Washington, with experience in curriculum development, administering retail training and apprenticeship programs in the State of Washington, expertise in the roles and functions of jobs within the cannabis industry, and that is not primarily funded by cannabis businesses or employer associations.

Section ~~11~~10. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.



SEATTLE CITY COUNCIL
CENTRAL STAFF

Cannabis Equity

AMY GORE, LISE KAYE, JASMINE MARWAHA, LEGISLATIVE ANALYSTS

FINANCE & HOUSING COMMITTEE
AUGUST 11, 2022

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

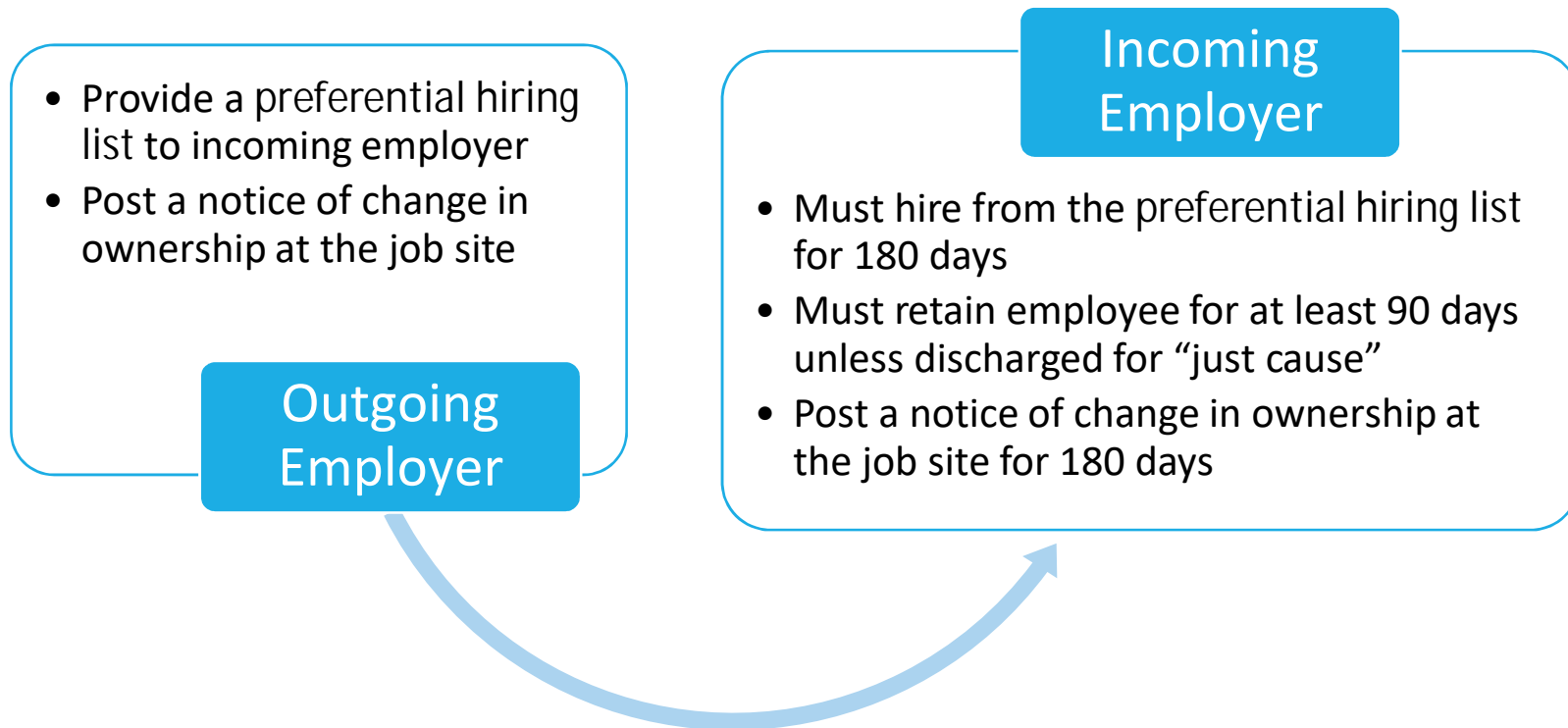
CB 120392 – Potential Amendments to Date

- 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?

August 16, 2022

MEMORANDUM

To: Finance and Housing Committee
From: Amy Gore, Analyst
Subject: CB 120391: Cannabis Equity Ordinance Proposed Amendments

On Wednesday, August 17, the Finance and Housing Committee will continue discussing and may possibly vote on [Council Bill \(CB\) 120391](#), which would outline actions the City intends to take to improve racial disparities in the cannabis industry.

CB 120391 was discussed by the Committee on August 11. For background and a summary of the bill, see [Central Staff Memo \(August 11\)](#). This memorandum summarizes seven proposed amendments in Table 1. All of the proposed amendments are attached to this memo.

Proposed Amendments

Table 1. Proposed Amendments

Topic/ Amendment No.	Sponsor(s)	Title	Effect
Needs Assessment			
1	Mosqueda	Cannabis Needs Assessment – Partnership	This amendment would add a new Section 10 to describe the type of organizations that should conduct the Cannabis Needs Assessment, specifying that it shall be conducted by a Seattle-based educational institution in partnership with a non-profit organization. Amendments 1 and 2 are mutually exclusive.
2	Nelson	Cannabis Needs Assessment – Independent Academic Institution	This amendment would add a new Section 10 to describe the type of organization that should conduct the Cannabis Needs Assessment, specifying that it shall be conducted by an independent academic institution. Amendments 1 and 2 are mutually exclusive.

Table 1. Proposed Amendments (cnt'd)

Topic/ Amendment No.	Sponsor(s)	Title	Effect
Cannabis Needs Assessment Advisory Committee			
3	Mosqueda	Cannabis Needs Assessment Advisory Committee	<p>This amendment would amend Section 9 to provide additional guidance on the composition of the Cannabis Needs Assessment Advisory Committee, specifying that the committee should include:</p> <ul style="list-style-type: none"> • three business owners or industry association representatives; • three representatives of labor, including unions and workers; and • three representatives from communities that have been historically harmed by the War on Drugs and have advocated for cannabis equity in King County, with priority to those who meet the social equity criteria as defined in RCW 69.50.335. <p>Amendments 3 and 4 are mutually exclusive.</p>
4	Nelson	Cannabis Needs Assessment Advisory Committee	<p>This amendment would amend Section 9 to provide additional guidance on the composition of the Cannabis Needs Assessment Advisory Committee, specifying that the committee should include:</p> <ul style="list-style-type: none"> • two representatives from organizations that advocate for the cannabis industry; • two cannabis business owners; • two cannabis business employees; and • three representatives that meet the criteria defining social equity applicants as outlined in RCW 69.50.355. <p>Amendments 3 and 4 are mutually exclusive.</p>
Community Partnerships			
5	Herbold and Mosqueda	Community Partnerships	<p>This amendment would amend Section 3 to specify that the City will partner with King County and with communities negatively impacted by the War on Drugs and with lived experience in the criminal justice system, to seek the expungement of cannabis convictions.</p>
Other			
6	Nelson	Amend Recitals	<p>This amendment would add two new recitals to CB 120391.</p>
7	Nelson	Safety	<p>This amendment would amend Section 6 of CB 12039 to clarify the City's intention with regard to safety of cannabis retail businesses.</p>

Attachments

1. Amendment 1 – Cannabis Needs Assessment – Partnership (Mosqueda)
2. Amendment 2 – Cannabis Needs Assessment – Independent Academic Institution (Nelson)
3. Amendment 3 – Cannabis Needs Assessment Advisory Committee (Mosqueda)
4. Amendment 4 – Cannabis Needs Assessment Advisory Committee (Nelson)
5. Amendment 5 – Community Partnerships (Herbold and Mosqueda)
6. Amendment 6 – Amend Recitals (Nelson)
7. Amendment 7 – Safety (Nelson)

cc: Esther Handy, Director
Aly Pennucci, Deputy Director
Asha Venkataraman, Lead Analyst
Yolanda Ho, Lead Analyst

Amendment 1 Version 2 to CB 120391– Cannabis Equity ORD

Sponsor: Councilmember Mosqueda
Cannabis Needs Assessment – Partnership

Effect: This amendment would add a new Section 10 to describe the type of organizations that should conduct the Cannabis Needs Assessment, specifying that it shall be conducted by a Seattle-based educational institution, in partnership with a non-profit organization.

Amendments 1 and 2 are mutually exclusive.

Add a new section to CB 120391 as follows:

Section 10. The Cannabis Needs Assessment shall be conducted by an entity, such as a Seattle-based educational institution, in partnership with a non-profit organization with experience in curriculum development, administering retail training and apprenticeship programs in the State of Washington, with expertise in the roles and functions of jobs within the cannabis industry, and that is not primarily funded by cannabis businesses or employer associations.

Section ~~11~~10. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Amendment 2 Version 1 to CB 120391– Cannabis Equity ORD

Sponsor: Councilmember Nelson

Cannabis Needs Assessment – Independent Academic Institution

Effect: This amendment would add a new Section 10 to describe the type of organization that should conduct the Cannabis Needs Assessment, specifying that it shall be conducted by an independent academic institution.

Amendments 1 and 2 are mutually exclusive.

Add a new section to CB 120391 as follows:

Section 10. The Cannabis Needs Assessment shall be conducted by an independent academic institution with local experience identifying training needs for workers in a variety of industries, developing industry- and job-specific training curriculum, and delivering job skills programs.

Section ~~11~~10. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Amendment 3 Version 1 to CB 120391– Cannabis Equity ORD

Sponsor: Councilmember Mosqueda

Cannabis Needs Assessment Advisory Committee

Effect: This amendment would amend Section 9 to provide additional guidance on the composition of the Cannabis Needs Assessment Advisory Committee, specifying that the committee should include:

- three business owners or industry association representatives;
- three representatives of labor, including unions and workers; and
- three representatives from communities that have been historically harmed by the War on Drugs and have advocated for cannabis equity in King County, with priority to those who meet the social equity criteria as defined in RCW 69.50.335.

Amendments 3 and 4 are mutually exclusive.

Amend Section 9 of CB 120391 as follows:

Section 9. To aid in the scoping of this needs assessment, the City will appoint an advisory committee comprised of nine members, including three business owners or industry association representatives, three representatives of labor, including unions and workers, and three representatives from communities that have been historically harmed by the Federal War on Drugs and have advocated for cannabis equity in King County, with priority to those who meet the social equity criteria as defined in RCW 69.50.335 ~~workers, industry members, and community members impacted by the federal War on Drugs~~. The work of this advisory committee will commence in Quarter One of 2023, with a task of completing the scope of the needs assessment no later than the end of Quarter Two 2023. The advisory committee will then be tasked with reviewing the results of the needs assessment and providing recommendations to

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Finance and Housing Committee
August 17, 2022
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the Mayor and the Council no later than 60 days after the completion of the needs assessment, at which time the committee shall be dissolved.

Amendment 4 Version 1 to CB 120391– Cannabis Equity ORD

Sponsor: Councilmember Nelson

Cannabis Needs Assessment Advisory Committee

Effect: This amendment would amend Section 9 to provide additional guidance on the composition of the Cannabis Needs Assessment Advisory Committee, specifying that the committee should include:

- two representatives from organizations that advocate for the cannabis industry;
- two cannabis business owners;
- two cannabis business employees; and
- three representatives that meet the criteria defining social equity applicants as outlined in RCW 69.50.355.

Amendments 3 and 4 are mutually exclusive.

Amend Section 9 of CB 120391 as follows:

Section 9. To aid in the scoping of this needs assessment, the City will appoint an advisory committee comprised of nine members total, including two representatives from organizations that advocate for the cannabis industry, two cannabis business owners, two cannabis business employees, and three representatives that meet the criteria defining social equity applicants as outlined in RCW 69.50.335~~workers, industry members, and community members impacted by the federal War on Drugs~~. The work of this advisory committee will commence in Quarter One of 2023, with a task of completing the scope of the needs assessment no later than the end of Quarter Two 2023. The advisory committee will then be tasked with reviewing the results of the needs assessment and providing recommendations to the Mayor and

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the Council no later than 60 days after the completion of the needs assessment, at which time the committee shall be dissolved.

Amendment 5 Version 1 to CB 120391– Cannabis Equity ORD

Sponsor: Councilmembers Herbold and Mosqueda
Community Partnerships

Effect: This amendment would amend Section 3 to specify that the City will partner with King County and with communities negatively impacted by the War on Drugs and with lived experience in the criminal justice system to seek the expungement of cannabis convictions.

Amend Section 3 of CB 120391 as follows:

Section 3. The City will partner with King County and communities negatively impacted by the War on Drugs and with lived experience in the criminal justice system to seek the expungement of cannabis convictions handed down prior to 2014, including, but not limited to, printed and electronic records where this information might be retained ~~advocate partnership with King County to seek the expungement of cannabis convictions handed down prior to 2014.~~

Amendment 6 Version 1 to CB 120391– Cannabis Equity ORD

Sponsor: Councilmember Nelson

Amend Recitals

Effect: This amendment would add two new recitals to CB 120391.

Amend the recitals of CB 120391 as follows:

WHEREAS, the City supports the establishment of new license types by the State, recognizing that Washington is behind other states in creating a variety of paths to market for cannabis consumers, producers, and retailers. The City also recognizes making these license types exclusive to social equity applicants creates a unique opportunity for individuals who have been disproportionately impacted by the War on Drugs, and who have historically been excluded from opportunities in the legal cannabis industry, to launch competitive cannabis businesses with a reasonable chance for success;

WHEREAS, research indicates that nationally only 42 percent of cannabis retail businesses are profitable; and

WHEREAS, The City of Seattle is committed to a thriving cannabis industry and supports making business development and technical assistance, career advancement training, and enhanced safety measures available for cannabis business owners and workers; NOW,
THEREFORE,

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Amendment 7 Version 1 to CB 120391– Cannabis Equity ORD

Sponsor: Councilmember Nelson

Safety

Effect: This amendment would amend Section 6 of CB 12039 to clarify the City’s intention with regard to safety of cannabis retail businesses.

Amend Section 6 of CB 120391 as follows:

Section 6. The City will ~~continue to partner with organizations advocating~~ implement strategies that strengthen the cannabis industry; support for the advancement, ~~safety,~~ and retention of cannabis workers; and improve the safety of retail cannabis workers, owners, and customers.



Legislation Text

File #: CB 120392, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to licensing cannabis businesses in Seattle; establishing social equity applicant criteria for cannabis businesses; setting fees for cannabis businesses; expanding the purposes for which a cannabis license may be issued in the future; updating references in the code to “cannabis”; and amending Chapter 6.500 of the Seattle Municipal Code.

WHEREAS, the unequal enforcement of cannabis laws has resulted in racially disproportionate arrests and incarcerations causing inter-generational poverty, housing insecurity, loss of education and employment opportunities, disruption of family structures, and other burdens; and

WHEREAS, Initiative 502, the 2012 ballot measure that legalized recreational use of cannabis by adults over 21 years of age in the State of Washington, did not include provisions or create programs to acknowledge the disproportionate harms the enforcement of cannabis laws has had on certain populations and communities, primarily Black communities; and

WHEREAS, Seattle cannabis businesses are owned primarily by White men. This is also reflected nationally, as entry into the industry requires personal/generational wealth and a clean criminal record. The Washington State Liquor and Cannabis Board released ownership demographic data to the City of Seattle Department of Finance and Administrative Services (FAS) in 2018 and 2020 that confirms this disparity. As of January 2020, 42 of Seattle’s 48 cannabis retail stores had White majority ownership, and 37 of those stores were owned by White men; and

WHEREAS, recognizing these disparities, FAS launched a Racial Equity Toolkit (RET) in 2018 to examine racial disparities in the licensing of cannabis businesses in Seattle. Through research and multiple

engagements with hundreds of community stakeholders, the RET process resulted in community recommendations to address disproportionate ownership of Seattle cannabis businesses and redress some of the harms caused by the racially unequal enforcement of prior cannabis laws. Those recommendations include eliminating City licensing fees for individuals who meet social equity criteria; reducing buffering and dispersion requirements to ensure there are desirable locations available for cannabis business licensees who meet social equity criteria; providing grants or loans, technical assistance, and business planning and mentorship to cannabis business applicants and licensees who meet social equity criteria; and investment in communities most harmed by the disproportionate enforcement of prior cannabis prohibition laws; and

WHEREAS, cannabis businesses operating in Seattle must be licensed by both the City and the State, and City laws and regulations of cannabis businesses must be consistent with State law; and

WHEREAS, in 2020, the State passed legislation, further amended in 2021 and 2022, to establish a Social Equity in Cannabis program. The purpose of the legislation is to provide business opportunities to cannabis license applicants who were disproportionately impacted by the unequal enforcement of cannabis prohibition laws. The program authorizes the Washington State Liquor and Cannabis Board to issue retailer licenses that were previously forfeited, cancelled, revoked, or never issued but which could have been issued without exceeding the statewide cap on the number of retail licenses set in rule by the Board. These licenses will only be issued to applicants who meet certain social equity criteria established by State law and further clarified by rules to be promulgated by the Washington State Liquor and Cannabis Board. The program also establishes a technical assistance grant program for applicants who meet social equity criteria; and

WHEREAS, in response to community demands from the Racial Equity Toolkit process, and to further reduce barriers to entry into the legal cannabis industry, The City of Seattle is establishing its own local Social Equity in Cannabis program, generally aligned with the State's Social Equity in Cannabis program. This

alignment will give those who meet social equity criteria, as established by State and local laws and rules, the greatest chances of success in entering the legal cannabis industry in Seattle; and

WHEREAS, the Washington State Social Equity in Cannabis Task Force was established in 2020 and amended in 2021 and 2022 to make recommendations to the Washington State Liquor and Cannabis Board to promote business ownership among individuals who have been disproportionately impacted by the federal policy known as the War on Drugs in order to remedy the harms resulting from the unequal enforcement of cannabis-related laws; and

WHEREAS, in addition to recommending the issuance of additional cannabis retailer, producer, and processor licenses for those who meet certain criteria for social equity, the Washington State Social Equity in Cannabis Task Force is currently considering recommendations for the Legislature to establish new cannabis business license types, including a cannabis delivery license and a cannabis social consumption license. The Task Force is also considering recommendations to make the new license types exclusive to those who meet certain criteria for social equity through 2029; and

WHEREAS, the City supports the establishment of new license types by the State, recognizing that Washington is behind other states in creating a variety of paths to market for cannabis consumers, producers, and retailers. The City also recognizes making these license types exclusive to social equity applicants creates a unique opportunity for individuals who have been disproportionately impacted by the War on Drugs, and who have historically been excluded from opportunities in the legal cannabis industry, to launch competitive cannabis businesses with a reasonable chance for success; and

WHEREAS, the use of the term “marijuana” in the United States has discriminatory origins and should be replaced with the more scientifically accurate term “cannabis”; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Chapter 6.500 of the Seattle Municipal Code, last amended by Ordinance 125703, is amended as follows:

Chapter 6.500 ((MARIJUANA)) CANNABIS BUSINESSES

Section 2. Section 6.500.020 of the Seattle Municipal Code, last amended by Ordinance 125516, is amended as follows:

6.500.020 Definitions

For the purposes of this Chapter 6.500 the following definitions are adopted:

“Authorization” means a form developed by the Washington State Department of Health that is completed and signed by a qualifying patient’s health care professional and printed on tamper-resistant paper.

“Cannabis” means all parts of the plant *Cannabis spp.*, whether growing or not, with a THC concentration greater than 0.3 percent on a dry weight basis; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or its resin. The term does not include:

1. The mature stalks of the plant; fiber produced from the stalks, oil or cake made from the seeds of the plant; any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake; or the sterilized seed of the plant that is incapable of germination; or

2. Hemp or industrial hemp as defined in RCW 15.140.020, seeds used for licensed hemp production under chapter 15.140 RCW.

“Cannabis business” means any person licensed by the Washington State Liquor and Cannabis Board and The City of Seattle to grow, possess, produce, process, manufacture, sell (whether at wholesale or retail), distribute, transport, allow for consumption on their premises, or deliver cannabis, and includes, but is not limited to, any cannabis processor, producer, or retailer, regardless of whether the cannabis is intended for medical or recreational use.

“Cannabis concentrates” means products consisting wholly or in part of the resin extracted from any part of the plant *Cannabis* and having a THC concentration greater than ten percent.

“Cannabis health and beauty aid” means a product containing parts of the cannabis plant and ~~((that))~~ which: (a) is intended for use only as a topical application to provide ~~((for))~~ therapeutic benefit or to enhance appearance; (b) contains a THC concentration of not more than 0.3 percent; (c) does not cross the blood-brain barrier; and (d) is not intended for ingestion by humans or animals.

“Cannabis-infused products” means products that contain cannabis or cannabis extracts, are intended for human use, are derived from cannabis, and have a THC concentration no greater than ten percent. The term “cannabis-infused products” does not include either useable cannabis or cannabis concentrates.

“Cannabis license” or “license” means a license issued by the Director giving permission to a person to engage in a cannabis business in Seattle.

“Cannabis processor” means a person licensed by the Washington State Liquor and Cannabis Board to process cannabis into cannabis concentrates, useable cannabis, and cannabis-infused products, package and label cannabis concentrates, useable cannabis, and cannabis-infused products for sale in retail outlets, and sell cannabis concentrates, useable cannabis, and cannabis-infused products at wholesale to cannabis retailers.

“Cannabis producer” means a person licensed by the Washington State Liquor and Cannabis Board to produce and sell cannabis at wholesale to cannabis processors and other cannabis producers.

“Cannabis products” means useable cannabis, cannabis concentrates, and cannabis-infused products as defined in this Section 6.500.020.

“Cannabis retailer” means a person licensed by the Washington State Liquor and Cannabis Board to sell cannabis concentrates, useable cannabis, and cannabis-infused products in a retail outlet.

“Department” means the Department of Finance and Administrative Services of The City of Seattle.

“Designated provider” means a person who is 21 years of age or older and:

1. a. Is the parent or guardian of a qualifying patient ~~who is under the age of 18 years and ~~((beginning~~ July 1, 2016,))~~ holds a recognition card; or

b. Has been designated in writing by a qualifying patient to serve as the designated provider for

that patient;

((+)) 2. a. Has an authorization from the qualifying patient’s health care professional; or:

((b. Beginning July 1, 2016:))

- 1) Has been entered into the medical ((marijuana)) cannabis authorization database as being the designated provider to a qualifying patient; ((and))
- 2) Has been provided a recognition card;
- 3) Is prohibited from consuming ((marijuana)) cannabis obtained for the personal, medical use of the qualifying patient for whom the individual is acting as designated provider;
- 4) Provides ((marijuana)) cannabis to only the qualifying patient that has designated ((him or her)) them;
- 5) Is in compliance with the terms and conditions of ((RCW)) chapter 69.51A RCW; and
- 6) Is the designated provider to only one patient at any one time.

“Director” means the Director of the Department of Finance and Administrative Services of The City of Seattle or that Director’s designee.

“Disproportionately impacted area” means a census tract or comparable geographic area that satisfies the following criteria, which may be further defined in a rule by the Director after consideration of the criteria established by the Washington State Liquor and Cannabis Board:

1. The area has a high poverty rate;
2. The area has a high rate of participation in income-based federal or state programs;
3. The area has a high rate of unemployment; and
4. The area has a high rate of arrest, conviction, or incarceration related to the sale, possession, use, cultivation, manufacture, or transport of cannabis.

“Employee” means any individual who is employed by an employer in return for the payment of direct or indirect monetary wages or profit, any individual who volunteers ((his or her)) their services to an employer

for no monetary compensation, or any individual who performs work or renders services, for any period of time, at the direction of an owner, lessee, or other person in charge of a place.

“Engaging in business” has the meaning provided in subsection 5.30.030.B.1.

“Gross profit” means the entire gross receipts from all sales and services made in, upon, or from the licensed business.

“Health care professional” means a physician licensed under chapter 18.71 RCW, a physician assistant licensed under chapter 18.71A RCW, an osteopathic physician licensed under chapter 18.57 RCW, ~~((an osteopathic physicians’ assistant licensed under chapter 18.57A RCW,))~~ a naturopath licensed under chapter 18.36A RCW, or an advanced registered nurse practitioner licensed under chapter 18.79 RCW.

“Juvenile” means any individual who is under the chronological age of 18 years.

~~((“Marijuana” means all parts of the plant *Cannabis*, whether growing or not, with a THC concentration greater than 0.3 percent on a dry weight basis; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. The term does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination.~~

~~“Marijuana business” means any person or entity that grows, possesses, produces, processes, manufactures, sells (whether at wholesale or retail), distributes, transports, allows for consumption on their premises, or delivers marijuana with the object of gain, benefit, or advantage to the person, and includes, but is not limited to, any marijuana processor, producer, or retailer, regardless of whether the marijuana is intended for medical or recreational use.~~

~~“Marijuana concentrates” means products consisting wholly or in part of the resin extracted from any part of the plant *Cannabis* and having a THC concentration greater than ten percent.~~

~~“Marijuana license” or “license” means a license issued by the Director giving permission to a person to engage in a marijuana business in Seattle.~~

~~“Marijuana processor” means a person licensed by the Washington State Liquor and Cannabis Board to process marijuana into marijuana concentrates, usable marijuana, and marijuana-infused products, package and label marijuana concentrates, usable marijuana, and marijuana-infused products for sale in retail outlets, and sell marijuana concentrates, usable marijuana, and marijuana-infused products at wholesale to marijuana retailers.~~

~~“Marijuana producer” means a person licensed by the Washington State Liquor and Cannabis Board to produce and sell marijuana at wholesale to marijuana processors and other marijuana producers.~~

~~“Marijuana products” means usable marijuana, marijuana concentrates, and marijuana-infused products as defined in this Section.~~

~~“Marijuana-infused products” means products that contain marijuana or marijuana extracts, are intended for human use, are derived from marijuana, and have a THC concentration no greater than ten percent. The term “marijuana-infused products” does not include either usable marijuana or marijuana concentrates.~~

~~“Marijuana retailer” means a person licensed by the Washington State Liquor and Cannabis Board to sell marijuana concentrates, usable marijuana, and marijuana-infused products in a retail outlet.)~~

~~“Medical ((marijuana)) cannabis authorization database” means the secure and confidential database created by the Washington State Department of Health pursuant to ((chapter)) RCW 69.51A.230. ((RCW, as amended by Chapter 70, Laws of 2015.))~~

“Net profit” means gross sales minus cost of goods sold.

“Operator” means any person operating, conducting, or maintaining a ((marijuana)) cannabis business.

“Person” means any individual, partnership, corporation, trust, incorporated or unincorporated association, marital community, joint venture, governmental entity, or other entity or group of persons however organized.

“Process” means to engage in any one or more of the activities of a ~~((marijuana))~~ cannabis processor.

“Produce” means to plant, grow, or harvest ~~((marijuana))~~ cannabis for medical or recreational use.

“Qualifying patient” means a person who:

1. ~~((a-))~~ Is a patient of a health care professional;

~~((b))~~ 2. Has been diagnosed by that health care professional as having a terminal or debilitating medical condition;

~~((c))~~ 3. Is a resident of the state of Washington at the time of such diagnosis;

~~((d))~~ 4. Has been advised by that health care professional about the risks and benefits of the medical use of ~~((marijuana))~~ cannabis;

~~((e))~~ 5. Has been advised by that health care professional that ~~((he or she))~~ they may benefit from the medical use of ~~((marijuana))~~ cannabis;

~~((f))~~ 6. ~~((1))~~ a. Has an authorization from ~~((his or her))~~ their health care professional; or

~~((2))~~ b. ~~((Beginning July 1, 2016, has))~~ Has been entered into the medical ~~((marijuana))~~ cannabis authorization database and has been provided a recognition card; and

~~((g))~~ 7. Is otherwise in compliance with the terms and conditions of chapter 69.51A RCW.

~~((2-))~~ “Qualifying patient” does not include a person who is actively being supervised for a criminal conviction by a corrections agency or department that has determined that the terms of chapter 69.51A RCW are inconsistent with and contrary to ~~((his or her))~~ that person’s supervision and all related processes and procedures related to that supervision.

“Recognition card” means a card issued to qualifying patients and designated providers by a ~~((marijuana))~~ cannabis retailer with a medical ~~((marijuana))~~ cannabis endorsement that has entered them into the medical ~~((marijuana))~~ cannabis authorization database.

“Social equity applicant” means:

1. An applicant who has at least 51 percent ownership and control by one or more individuals who have

resided in a disproportionately impacted area for a period of time defined in rule by the Director after consideration of the time period established by the Washington State Liquor and Cannabis Board; or

2. An applicant who has at least 51 percent ownership and control by at least one individual who has been convicted of a cannabis offense, a drug offense, or is a family member of such an individual; or

3. An applicant who meets criteria defined in rule by the Director after consideration of the criteria established by the Washington State Liquor and Cannabis Board.

“Successor” means any person to whom the owner(s) of a ((~~marijuana~~)) cannabis business who are quitting, selling out, exchanging, or disposing of the ((~~marijuana~~)) cannabis business sells or otherwise conveys, directly or indirectly, the owner(s)’ share of the business, or any part of the materials, supplies, merchandise, inventory, fixtures, or equipment of the business in bulk and not in the ordinary course of the person’s marijuana business. Any person obligated to fulfill the terms of a contract shall be deemed a successor to any contractor defaulting in the performance of any contract as to which such person is a surety or guarantor.

“Tamper-resistant paper” means paper that meets one or more of the following industry-recognized features:

1. One or more features designed to prevent copying of the paper;
2. One or more features designed to prevent the erasure or modification of information on the paper; or
3. One or more features designed to prevent the use of counterfeit authorization.

~~((“Recognition card” means a card issued to qualifying patients and designated providers by a marijuana retailer with a medical marijuana endorsement that has entered them into the medical marijuana authorization database.))~~

“True party of interest” means:

1. For a sole proprietorship, the sole proprietor and spouse.
2. For a general partnership, all partners and their spouses.
3. For a limited partnership, limited liability partnership, or limited liability limited partnership, all

general partners and their spouses and all limited partners and their spouses.

4. For a limited liability company, all members and their spouses, and all managers and their spouses.

5. For a privately held corporation, all corporate officers (or persons with equivalent title) and their spouses, and all stockholders and their spouses.

6. For a publicly held corporation, all corporate officers (or persons with equivalent title) and their spouses, and all stockholders and their spouses.

7. For multilevel ownership structures, all persons and entities that make up the ownership structure and their spouses.

8. Any entity or person (inclusive of financiers) that is expecting a percentage of the profits in exchange for a monetary loan or expertise, any entity or person who is in receipt of, or has the right to receive, a percentage of the gross or net profit from the licensed business during any full or partial calendar or fiscal year, or any entity or person who exercises control over the licensed business in exchange for money or expertise.

“True party of interest” does not mean:

1. A person or entity receiving reasonable payment for rent on a fixed basis under a bona fide lease or rental obligation, unless the lessor or property manager exercises control over or participates in the management of the business.

2. A person who receives a bonus as an employee, if: the employee is on a fixed wage or salary and the bonus is not more than 25 percent of the employee’s pre-bonus annual compensation; or the bonus is based on a written incentive/bonus program that is not out of the ordinary for the services rendered.

3. A person or entity contracting with the applicant(s) to sell the property, unless the contract holder exercises control over or participates in the management of the licensed business.

((“Usable Marijuana”)) “Useable cannabis” means dried ((~~marijuana~~)) cannabis flowers. The term ((~~“usable marijuana”~~)) “useable cannabis” does not include either ((~~marijuana~~)) cannabis-infused products or ((~~marijuana~~)) cannabis concentrates.

Section 3. Section 6.500.030 of the Seattle Municipal Code, last amended by Ordinance 125516, is amended as follows:

6.500.030 License required

A. It is unlawful for any person to engage in a ((~~marijuana~~)) cannabis business in the City unless such person possesses a valid ((~~marijuana~~)) cannabis license and is in compliance with all ((~~provision[s]~~)) provisions of this Chapter 6.500.

B. The following are exempt from the requirement to obtain a ((~~marijuana~~)) cannabis license:

1. ((~~Marijuana~~)) Cannabis businesses located on federal lands.
2. Persons licensed by the Washington State Liquor and Cannabis Board to conduct quality assurance testing or research on ((~~marijuana~~)) cannabis for scientific purposes.
3. Manufacturers and distributors of cannabis health and beauty aids.

Section 4. Section 6.500.040 of the Seattle Municipal Code, last amended by Ordinance 125516, is amended as follows:

6.500.040 General provisions

A. No ((~~marijuana~~)) cannabis business shall be located within another business. More than one ((~~marijuana~~)) cannabis business licensee may be located in the same building if each licensee occupies an area that is physically separate from any other business and has its own separate entrance. Licensees shall not commingle ((~~marijuana~~)) cannabis and ((~~marijuana~~)) cannabis products.

B. No ((~~marijuana~~)) cannabis processor licensed by the Department shall conduct the processing, storage, or sale of ((~~marijuana~~)) cannabis-infused products except using sanitary practices and ensuring facilities are constructed, kept, and maintained in a clean and sanitary condition pursuant to rules prescribed by the Seattle Department of Construction and Inspections, Seattle Fire Department, Washington Department of Agriculture under Chapters 16-165 and 16-167 of the Washington Administrative Code (WAC), and Seattle-King County Department of Public Health.

C. Consumption of ((~~marijuana~~)) cannabis or ((~~marijuana~~)) cannabis products is prohibited on licensed premises unless expressly permitted by license type.

D. Signs containing the following language must be conspicuously posted at each entry: “Persons under 21 years of age are not permitted on these premises without a valid qualifying patient card. Juvenile qualifying patients must be accompanied by their designated provider at all times.”

E. ((~~Marijuana~~)) Cannabis and ((~~marijuana~~)) cannabis products may only be sold or provided to the public by retail licensees from their licensed business locations or by other licensees expressly permitted by license type to sell or provide cannabis or cannabis products to the public.

F. ((~~Marijuana~~)) Cannabis and ((~~marijuana~~)) cannabis products shall not be sold, donated or transferred at festivals, fairs, farmers’ markets, or other similar events without a license expressly permitting such activities.

G. Licensees may only purchase ((~~marijuana~~)) cannabis and ((~~marijuana~~)) cannabis products from another licensee in compliance with Section 5.55.030 of the Seattle Municipal Code and this Chapter 6.500.

Section 5. Section 6.500.050 of the Seattle Municipal Code, last amended by Ordinance 125516, is amended as follows:

6.500.050 License applications

A. Only persons who possess a valid Washington State Liquor and Cannabis Board license to engage in a cannabis business, including but not limited to a license to produce, process, distribute, or transport ((~~marijuana~~)) cannabis or ((~~marijuana~~)) cannabis products are eligible for a City ((~~marijuana~~)) cannabis license.

B. Those persons licensed by the Liquor and Cannabis Board to conduct quality assurance testing or research on ((~~marijuana~~)) cannabis for scientific purposes are exempted from the requirement to acquire the license created by this Chapter 6.500. Manufacturers and distributors of cannabis health and beauty aids are likewise exempted from the requirement to acquire a license created by this Chapter 6.500.

C. ((~~Marijuana~~)) Cannabis businesses that are not located within Seattle city limits but provide ((

~~marijuana~~) cannabis or (~~marijuana~~) cannabis products to (~~marijuana~~) cannabis businesses located in Seattle city limits must obtain (~~marijuana~~) cannabis licenses.

D. All applications shall be submitted by and issued in the name(s) of the true party(ies) of interest and shall be signed by such person(s) and certified as true under penalty of perjury, and shall be accompanied by written evidence sufficient to show that such person(s) are the owner, operator, or lessee of the premises. All applications shall be submitted on a form supplied by the Director.

1. Failure to provide complete information required on an application form approved by the Director's form shall render the application incomplete and the license consequently shall be denied.

2. Within 30 days of any change in the information required to be submitted in this Section 6.500.050, each licensee shall notify the Director in writing of such change on a form provided by the Director.

E. Applicants shall comply with all City and State laws, including but not limited to license or tax obligations and all provisions of this Chapter 6.500.

F. Licensees who cease to engage in (~~marijuana~~) cannabis business activities must notify the Department within 15 days of discontinuation.

Section 6. Section 6.500.080 of the Seattle Municipal Code, last amended by Ordinance 125703, is amended as follows:

6.500.080 License and related fees

A. Licenses shall expire June 30 each year and be annually renewable. The following annual fees shall apply:

1. (~~Marijuana License~~) Cannabis license - Located in Seattle: \$3500
2. Cannabis license for social equity applicants - Located in Seattle: \$0
- ~~((2))~~ 3. (~~Marijuana License~~) Cannabis license - Located outside Seattle: (~~(.....)~~) \$2,000
4. Cannabis license for social equity applicants - Located outside Seattle: \$0

B. License fees are non-refundable.

C. License fees are not prorated.

D. Related fees

~~((1. Premises reinspection \$250~~

~~2. License reinstatement \$250~~

3)) 1. Relocation of physical address: ~~((.....))~~ \$250

2. Relocation of physical address for social equity applicants: \$0

E. The Director shall review annually the licensing fees in this Section 6.500.080 and may make any necessary adjustments in a Director's Rule to ensure the fees achieve full cost recovery of the Department's administrative, enforcement, and other regulatory costs based on, but not limited to, consideration of the following factors:

1. The projected costs and annual budget allotted for administrative, enforcement, and regulatory costs across the ~~((marijuana))~~ cannabis industry; and
2. The need for increased enforcement to reduce illegal activity.

Section 7. Section 6.500.100 of the Seattle Municipal Code, enacted by Ordinance 124807, is amended as follows:

6.500.100 State regulatory provisions_ ~~((§))~~ Director to adopt rules

The Director shall adopt rules that incorporate applicable provisions of the Washington Administrative Code relating to the regulation of ~~((marijuana))~~ cannabis businesses by the Washington State Liquor and Cannabis Board, and shall periodically review and update such rules as changes are made to such provisions of the Washington Administrative Code.

Section 8. Section 6.500.110 of the Seattle Municipal Code, last amended by Ordinance 125516, is amended as follows:

6.500.110 Restricted access for persons under 21 years of age

A. It is unlawful for any person under the age of 21 years to be in or upon any licensed premises, except

that qualifying patients ages 18 to 21 years in possession of a valid recognition card and juveniles both in possession of a valid recognition card and accompanied by a designated provider may enter upon the premises of a licensed ((~~marijuana~~)) cannabis retail business as long as the retailer possesses a Washington State-issued medical ((~~marijuana~~)) cannabis endorsement.

B. It is unlawful for any owner, operator, manager, employee, or other person in charge of a ((~~marijuana~~)) cannabis business to allow any person under the age of 21 years to be in or upon any licensed premises, except that qualifying patients ages 18 to 21 years in possession of a valid recognition card and juveniles both in possession of a valid recognition card and accompanied by a designated provider may enter upon the premises of a licensed ((~~marijuana~~)) cannabis retail business as long as the retailer possesses a medical ((~~marijuana~~)) cannabis endorsement.

C. All licensees shall affirmatively check the identifications and confirm the ages of all persons who enter or are on the premises.

D. ((~~Marijuana~~)) Cannabis retailers with medical endorsements shall issue recognition cards in accordance with state law and shall confirm the validity of authorizations and recognition cards when selling ((~~marijuana~~)) cannabis or ((~~marijuana~~)) cannabis products under their medical ((~~marijuana~~)) cannabis endorsements.

Section 9. Section 6.500.140 of the Seattle Municipal Code, last amended by Ordinance 124963, is amended as follows:

6.500.140 License suspension

In addition to the reasons set forth in Section 6.202.230 as now or hereafter amended, any license issued under this Chapter 6.500 may be suspended upon a finding that:

A. Any amount of ((~~marijuana~~)) cannabis or ((~~marijuana~~)) cannabis product has been sold to any person that is under the age of 21 years who is not a qualifying patient with a recognition card issued by the licensee or any of the licensee's owners, officers, managers, employees, or agents. Designated providers with a recognition

card may purchase ((~~marijuana~~)) cannabis or ((~~marijuana~~)) cannabis products on behalf of a qualified patient of any age;

B. The licensee or any of its owners, officers, managers, employees, or agents has violated or failed to comply with any applicable provisions of this Chapter 6.500 or any rule or regulation prescribed under this Chapter 6.500;

C. The licensee or its owners, officers, managers, employees, or agents permitted or authorized any violation of any of the provisions of this Chapter 6.500 by any person;

D. Three or more of any combination of citations, notices of violation, notices of infraction, charges, complaints, or any other notifications to the licensee that the licensee has violated any one or more provisions of the Seattle Municipal Code or other applicable law, including but not limited to applicable development regulations, zoning and building codes, noise, fire, licensing and health ordinances, laws, rules, and regulations, were issued to the licensee in any three-month period;

E. The licensee does not maintain a current license required under Chapter 6.208 or is in default in any payment of any license fee or tax, penalty, or interest due under Title 5 or Title 6;

F. The licensee is a person who has been certified pursuant to RCW 74.20A.320 by the Washington Department of Social and Health Services as a person who is not in compliance with a support order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license shall be automatic upon the Director's receipt of a release issued by the Washington Department of Social and Health Services stating that the licensee is in compliance with the order; or

G. The licensee, manager, or any employee or agent of a licensee knew or had reason to know that a violation of this Chapter 6.500 was occurring or about to occur and such licensee, manager, employee, or agent failed to either prevent or report to proper law enforcement authorities the violation.

Section 10. Section 6.500.143 of the Seattle Municipal Code, enacted by Ordinance 125516, is amended as follows:

6.500.143 Property owner responsibilities

No property owner shall permit a lessee or sublessee to engage in a ~~((marijuana))~~ cannabis business on the property unless the lessee or sublessee possesses a valid ~~((marijuana))~~ cannabis business license.

Section 11. Section 6.500.147 of the Seattle Municipal Code, enacted by Ordinance 124807, is amended as follows:

6.500.147 Suspension or revocation- ~~((; effective))~~ Effective date- ~~((; length))~~ Length

A. Except for summary suspensions under Section 6.500.150, suspensions or revocations become effective upon the date of issuance of any notice of suspension or revocation or, in the event of an appeal, when a final ruling on appeal affirming the Director's findings is issued.

B. Length of suspensions

1. Unless a time period is specified in a particular section of this Chapter 6.500, suspensions shall extend until evidence is produced to the Director showing by preponderance that the violation is cured. Where a violation cannot be cured, suspensions shall extend one month or until the license expires, whichever occurs first. Licensees must submit a written request for reinstatement to the Director after the period of suspension has passed.

2. The Department shall post a suspension notice in a conspicuous place on or about the licensed premises. The notice shall state that the license has been suspended by order of the Director.

3. During the period of license suspension, the licensee, its manager, employees, and agents:

- a. Are required to comply with all applicable laws;
- b. Shall not remove, alter, or cover the posted suspension notice, and may not permit another person to do so;
- c. Shall not place or permit the placement of any statement on the licensed premises indicating that the premises has been closed for any reason other than as stated in the suspension notice;
- d. Shall not advertise by any means that the licensed premises is closed for any reason

other than as stated in the suspension notice.

4. During the period of license suspension:

a. The licensee shall not operate the ((~~marijuana~~)) cannabis business; and

b. No sale, delivery, service, destruction, removal, or receipt of ((~~marijuana~~)) cannabis or ((~~marijuana~~)) cannabis products shall be conducted by the licensee.

5. Upon approval by the Director, a licensee may take necessary measures to keep current stock that is on hand at the time of the suspension from spoiling or becoming unsalable during a suspension, provided that such measures shall not include processing the product.

6. If the Director has ordered a license suspended, the applicant may contest the suspension to the Hearing Examiner in the same manner as that provided under Section 6.202.270 to contest license denials, revocations, or refusals to renew.

C. Length of Revocation. Revocations shall extend until the end of the annual license period. The licensee or any person in which the licensee is a principal, or any person who is or was a principal of the licensee, shall not again be licensed during such period.

D. Except in cases involving summary suspension, whenever a timely notice of appeal under Section 6.202.270 is filed, a licensee may continue to engage in the activity for which the license is required pending a final decision.

Section 12. Section 6.500.150 of the Seattle Municipal Code, enacted by Ordinance 124807, is amended as follows:

6.500.150 License-Summary suspension

A. Notwithstanding any other provision of this Chapter 6.500, a license may be summarily suspended, with such suspension to take effect immediately by order of the Director prior to hearing upon finding that there is reasonable cause to believe that ((~~the~~)) activity ((~~licensed under this Chapter 6.500 and~~)) engaged in by the licensee causes or will cause a clear, substantial, and imminent hazard to life, safety, property, or privacy.

B. Whenever any license is summarily suspended a hearing by the Hearing Examiner may be requested by the licensee within ten days after the date of suspension. The Director may waive the ten-day requirement upon satisfaction that failure to submit the request was beyond the control of the licensee. Such hearing shall be held within five days of the request, unless a later date is agreed to by the licensee, with a minimum 48 ((-)) hours' notice to the licensee, and shall be conducted by the Hearing Examiner according to the Hearing Examiner rules for contested cases. The Director shall have the burden of proving by a preponderance of the evidence that the activity engaged in by the licensee causes or will cause a clear, substantial and imminent hazard to life, safety, property, or privacy. The Hearing Examiner shall issue the decision within ten days of the date of the hearing.

C. If the applicant does not file a timely request for hearing, the Director's order for summary suspension shall be final and the suspension shall remain in effect until such time as the Director determines that the hazard no longer exists.

Section 13. Section 6.500.160 of the Seattle Municipal Code, last amended by Ordinance 125516, is amended as follows:

6.500.160 Seizure or confiscation of ((~~marijuana~~)) cannabis and ((~~marijuana~~)) cannabis products

The Department, its authorized agents, or the Seattle Police Department may seize or confiscate (1) all ((~~marijuana~~)) cannabis or ((~~marijuana~~)) cannabis products in the possession of a ((~~marijuana~~)) cannabis business that does not possess a valid ((~~marijuana~~)) cannabis license, ((~~and~~)) or (2) all ((~~marijuana~~)) cannabis or ((~~marijuana~~)) cannabis products that do not meet any or all ((~~of~~)) requirements of this Chapter 6.500 or any rules promulgated pursuant to this Chapter 6.500.

Nothing in this Section 6.500.160 shall be construed to limit the authority of any law enforcement officer to seize or confiscate ((~~marijuana~~)) cannabis or ((~~marijuana~~)) cannabis products pursuant to any other law.

Section 14. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but

if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the _____ day of _____, 2022, and signed by me in open session in authentication of its passage this _____ day of _____, 2022.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2022.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2022.

Elizabeth M. Adkisson, Interim City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
Mayor's Office	Brianna Thomas x4-7955 Dan Eder x4-7831	Lorine Cheung

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to licensing cannabis businesses in Seattle; establishing social equity applicant criteria and setting related fees for qualifying cannabis businesses; expanding the purposes for which a cannabis license may be issued in the future; updating references in the code to “cannabis”; and amending Chapter 6.500 of the Seattle Municipal Code.

Summary and background of the Legislation: The federal War on Drugs disproportionately impacted Black, Indigenous, and People of Color. Cannabis businesses operating in the City of Seattle must be licensed by both Seattle and the State of Washington; and Seattle cannabis businesses are owned primarily by White men.

The legislation would update the City’s codes with respect to licensing cannabis businesses in several ways.

1. The legislation would create a new “social equity applicant” definition for those applying for a Seattle cannabis license. The Seattle license annual fee for those who meet the social equity applicant definition would be zero.
2. The legislation would expand the purposes for which a Seattle cannabis license may be issued in the future, anticipating future actions by the State to expand the types of State-licensed cannabis businesses.
3. The legislation updates references in the code from “marijuana” to “cannabis.”

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ___ Yes X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ___ Yes X No

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

Yes. If this legislation is implemented, annual fees could decrease by a nominal amount depending on the number of social equity applicants for Seattle cannabis licenses.

Are there financial costs or other impacts of *not* implementing the legislation?

No.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

No.

b. Is a public hearing required for this legislation?

No.

c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

d. Does this legislation affect a piece of property?

No.

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

Future actions by the State to create additional social equity licenses for existing cannabis business types provide additional opportunities for BIPOC-owned cannabis businesses; and future actions by the State to create additional types of cannabis businesses also create additional opportunities for BIPOC-owned cannabis businesses. Creating and implementing a no-cost Seattle cannabis license for social equity applicants is intended to encourage cannabis businesses owned by Black, Indigenous, and People of Color (BIPOC) to locate in Seattle.

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

No.

2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

No.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?

N/A

Summary Attachments:

August 8, 2022

MEMORANDUM

To: Finance and Housing Committee
From: Lise Kaye, Analyst
Subject: CB 120392 – Cannabis Licensing Provisions

On Thursday, August 11, the Finance and Housing Committee will discuss [Council Bill \(CB\) 120392](#), which would revise several licensing provisions for cannabis retailers, producers and processors doing business in or with the City of Seattle. Major revisions include a new license available through the Department of Facilities and Administrative Services (FAS) to individuals qualifying as “social equity” applicants, criteria defining that category of applicant, and replacing the term “marijuana” with “cannabis” in the Seattle Municipal Code (SMC).¹ CB 120392 would also expand the purposes for which the license may be used, in anticipation of possible state legislation that could allow on-premise consumption licenses, delivery licenses, and/or special event consumption licenses. The bill would delete the \$250 fees for premises reinspection and license reinstatement.

This memo provides state and city legislative context, describes key provisions of CB 120392, and identifies policy issues for Council consideration and outlines next steps.

Background

In 2012, Washington State became one of the first two states to legalize adult recreational use of cannabis, following voter approval of Initiative 502. Cities, towns, and counties in Washington State may prohibit or designate appropriate zones for state-licensed cannabis businesses. The City has issued 45 retail licenses (all in the city) and 88 producer/processor licenses (51 in the city and 37 outside of the city). Please see Attachment 1 for a map of licensed cannabis businesses in the City and Attachment 2 for a list of the City-licensed producer/processor businesses outside the City.

Racial Equity Toolkit

In 2018, FAS, together with the City’s Office of Economic Development, the Department of Construction and Inspections, and the Office for Civil Rights, initiated a Racial Equity Toolkit (RET) on Cannabis Licensing, initially focused on business licensing. Based on community feedback, the RET mission expanded to include:

- Access to licenses and capital;
- Access to business education and mentorship;
- Community reinvesting;
- Small Business Association (SBA) business plan support;

¹ The following memo refers to “cannabis” rather than “marijuana,” consistent with current Washington State Law, unless referring to “medical marijuana” or to language/terminology from the current (August 2022) Seattle Municipal Code.

- Flexibility to pivot quickly as new barriers arise;
- Reinvesting proceeds into the Black community; and
- Rebuilding generational wealth.

At the March 3, 2022, Finance and Housing Committee meeting, FAS presented community and stakeholder recommendations from the RET. The recommendations included prioritizing benefits for equity efforts to communities most impacted by prior cannabis laws, making reparations for medical cannabis businesses closed due to state and city licensing requirements, and providing financial support for members of those impacted communities wishing to start new cannabis businesses.²

Table 1 describes the City’s cannabis-related legislation since passage of Initiative 502, from initial zoning and regulations to establishment of a City Marijuana Business License, as well as two subsequent increases in fees for the City license. With adoption of [Ordinance \(ORD\) 125703](#) in 2018, Council delegated authority to the FAS Director to adjust the license fees.

Table 1. City of Seattle Cannabis-Related Legislation Following Passage of Initiative 502

Date	Legislation	Effect
October 7, 2013	ORD 124326	Established zoning and other regulations for the production, processing, selling, or delivery of cannabis in Seattle.
July 13, 2015	ORD 124807	Required a City Marijuana Business License and established licensing fees.
November 21, 2016	ORD 125194	Increased Marijuana Business License fees. ³
November 19, 2018	ORD 125703	Increased Marijuana Business License fees and delegated authority to the FAS Director to adjust the fees. ⁴

Table 2 shows changes in the City’s Marijuana Business License fee from 2016 to the present. FAS reports that it has recovered 100% of its program costs since the 2019 fee increase.⁵ In addition, the City of Seattle collected an average of \$1.5 million per (state fiscal) year since 2020 in sales tax revenue. City Business and Occupation Tax revenue from cannabis-related businesses have decreased somewhat in 2022 (\$195,000 YTD), but 2020 and 2021 averaged \$570,000.

² See staff memo for [CB 120391](#) for additional background, including additional detail about the RET

³ Per the Ordinance 125194’s Summary and Fiscal Note, the City’s fees were not recovering FAS’s costs.

⁴ Per the Ordinance 125703’s Summary and Fiscal Note, increased fees would support the FAS’s cost recovery and implementation of the new Accela Integrated Code Management System to manage code enforcement activities

⁵ Cost recovery was 35% prior to the 2019 increase. Staff analysis of FAS’ cost recovery calculations is ongoing.

Table 2. Cannabis Annual Business License and Related Fees

Marijuana License Type	2016 (Ord 124807)		2017 (Ord 125194)		2019 (Ord 125703)		Proposed (CB 120392)	
	Annual Fee	Related Fees ¹	Annual Fee	Related Fees ¹	Annual Fee	Related Fees ¹	Annual Fee	Related Fee ²
Inside City	\$1,000	\$250	\$1,500	\$250	\$3,500	\$250	\$3,500	\$250
Inside City - Social Equity Applicant	n/a	n/a	n/a	n/a	n/a	n/a	\$0	\$0
Outside City ³	\$500	\$250	\$750	\$250	\$2,000	\$250	\$2,000	\$250
Outside City - Social Equity Applicant	n/a	n/a	n/a	n/a	n/a	n/a	\$0	\$0

¹ Fee for reinspection, reinstatement and relocation of physical address in Seattle

² Fee for relocation of physical address

³ FAS reports that the City has been charging these fees for reinspection, reinstatement and relocation of physical address in Seattle but only for reinstatement outside Seattle. FAS anticipates that, should CB 120392 be enacted (which would eliminate all reinspection and reinstatement fees), FAS expects to continue to collect the relocation fee only from businesses within Seattle. Staff analysis is ongoing.

Washington State Marijuana Social Equity Legislation

In 2020, [HB 2870](#) created the Marijuana Social Equity Program under the Washington State Liquor and Cannabis Board (LCB) to streamline retail licenses to people in communities disproportionately impacted by the enforcement of cannabis prohibition. It allows the LCB to prioritize its remaining unawarded licenses to “social equity applicants” or reissue them to existing licensees whose licenses have been canceled, revoked or forfeited. Under existing law, the City of Seattle would receive two of the 38 available licenses.⁶ On August 3, 2022, the LCB approved [proposed draft rules](#), for which a public hearing will be held on September 14, 2022. The LCB could adopt the rules as soon as September 28, 2022. In addition, prior to accepting social equity license applications, the University of Washington will submit to the LCB and its Social Equity in Cannabis Task Force an analysis of the Task Force’s recommended criteria for a Disproportionately Impacted Area.

Also this year, the Washington legislature passed [HB 1210](#), replacing all references to “marijuana” in state law with the word “cannabis.” The bill stated that the use of the term “marijuana” in the United States has discriminatory origins and should be replaced with “the more scientifically accurate term “cannabis.”

⁶ Although not passed in the 2022 legislative session, [legislation](#) could be reintroduced in 2023 to increase the number of social equity licenses available and allow them to be sited anywhere in the state.

Council Bill 120392

The Executive prepared CB 120392 in response to community demands identified in the Cannabis RET, in anticipation of the State's issuance of social equity licenses, and to express the City's support for issuance of new cannabis business license types currently under consideration by the State's Social Equity in Cannabis Task Force. CB 120392 would revise the licensing provisions described below for cannabis retailers, producers and processors doing business in or with the City of Seattle.

Social Equity Applicant

CB 120392 would create two new types of licenses for "social equity applicants" (one for businesses located in Seattle and one for those located outside of Seattle), with eligibility defined as follows:

1. *An applicant who has at least fifty-one percent ownership and control by one or more individuals who have resided in a disproportionately impacted area for a period of time defined in rule by the Director after consideration of the time period established by the Washington State Liquor and Cannabis Board; or*
2. *An applicant who has at least fifty-one percent ownership and control by at least one individual who has been convicted of a cannabis offense, a drug offense, or is a family member of such an individual;⁷ or*
3. *An applicant who meets criteria defined in rule by the Director after consideration of the criteria established by the Washington State Liquor and Cannabis Board.*

Disproportionately Impacted Area

CB 120392 includes residence in a disproportionately impacted area, using the State's definition in [RCW 69.50.335](#), as shown below, as one consideration in qualifying as a social equity applicant. FAS will rely primarily on the State's data sources to identify these locations.

"Disproportionately impacted area" means a census tract or comparable geographic area that satisfies the following criteria, which may be further defined in a rule by the Director after consideration of the criteria established by the Washington State Liquor and Cannabis Board:

1. *The area has a high poverty rate;*
2. *The area has a high rate of participation in income-based federal or state programs;*
3. *The area has a high rate of unemployment;*
4. *The area has a high rate of arrest, conviction, or incarceration related to the sale, possession, use, cultivation, manufacture, or transport of cannabis.*

⁷ LCB's proposed rules, issued August 3, 2022, include both drug offenses and cannabis offenses in a Social Equity Application Scoring Rubric, but only cannabis offenses are listed as social equity applicant requirements [Section 2(h)]. Staff review is ongoing.

License Fees

CB 120392 would set annual cannabis license fees at zero for two new social equity licenses (one for businesses located in Seattle and the other for those located outside of Seattle). In addition, the fee for relocation of a physical address for a social equity applicant would be zero. The bill would also delete the \$250 fees for premises reinspection and license reinstatement. According to FAS, these fees are not needed to help meet the full cost of the regulatory program.

Expanded Purposes

The Washington State Social Equity in Cannabis Task Force is currently considering recommendations for the legislature to establish new cannabis business license types. CB 120392 would expand the purposes for which a cannabis license may be used in the event that the legislature issues or authorizes local jurisdictions to issue on-premises consumption licenses, delivery licenses, and/or special event consumption licenses. It also expands eligibility for a City cannabis license to match any cannabis business practice licensed by the LCB license.

Terminology

CB 120392 would replace “marijuana” with “cannabis” throughout SMC 6.500.

Policy Issues

1. Eligibility Criteria – Timing and Authority – The City of Seattle’s cannabis regulations must be consistent with state law, including rules issued under the authority of specific enabling statutes and codified in the Washington Administrative Code (WAC). Recognizing that the LCB has yet to promulgate its final rules for social equity licenses, CB 120392 would authorize the FAS Director to further define the criteria for disproportionately impacted areas; establish a residency requirement; and, add a third to-be-determined set of criteria for social equity applicants after consideration of the LCB’s forthcoming rules.

Options:

- A. Postpone action on the CB 120392, pending LCB’s final rules; and/or
 - B. Require Council approval of any changes to eligibility criteria
 - C. Take no action
2. Cost Recovery Impacts – As noted above, Ordinance 125703 granted the FAS Director authority to set the cost recovery level for Marijuana Business Licenses. Adding a no fee license without making any adjustments to the existing license fees and/or to the City’s expenses (e.g., frequency of inspections or prioritizing enforcement) could reduce cost recovery for cannabis business licenses.

Options:

- A. Request an annual cost recovery report to Council
- B. Take no action

Potential Amendments

To date, two potential amendments have been identified for the Committee's consideration and possible vote on August 17.

Amendment 1, sponsored by CM Herbold, would reduce license fees from \$3,500 to \$2,000 for small cannabis producers and transporters in the City of Seattle. This is based on a draft FAS proposal from 2020, which estimated the fiscal impact at \$4,500 per year.

Amendment 2, sponsored by CM Nelson, would prioritize social equity license applications from former owners of medical marijuana dispensaries who applied for but were not awarded state licenses after the state legalized cannabis possession and sale in 2012.

Next Steps

CB 120392 will be discussed during a special meeting of the Finance and Housing Committee on August 11. Councilmembers who would like to propose amendments should contact Central Staff no later than noon on August 12. The Committee will discuss and potentially vote on amendments and the bill during the regularly scheduled Finance and Housing Committee meeting on August 17.

Attachments

1. Cannabis Retailers, Producers and Processors in the City of Seattle
2. City Licensed Cannabis Businesses Located Outside Seattle

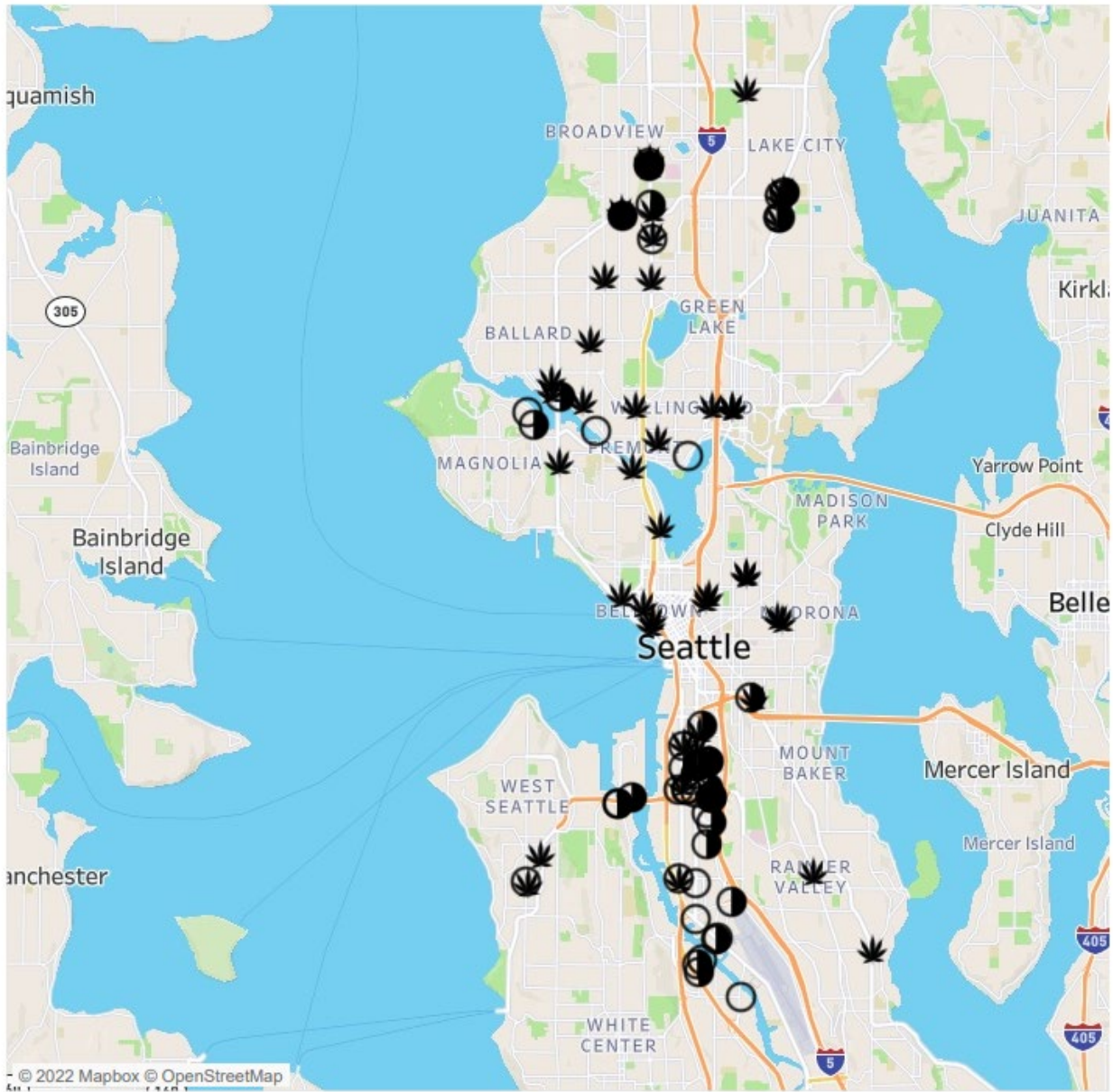
cc: Esther Handy, Director
Aly Pennucci, Deputy Director
Asha Venkataraman, Lead Analyst

Attachment 1. Cannabis Retailers, Producers and Processors in the City of Seattle



Consumer Protection

Active Cannabis Licenses Last Data Update: 7/20/2022



Attachment 2. City Licensed Cannabis Businesses Located Outside Seattle

Trade Name	License Category	Street Address	City State Zip
ARTIZEN CANNABIS COMPANY	Producer/Processor	2660 WILLAMETTE DR NE # F	LACEY, WA 98516
PHAT PANDA	Producer/Processor	2611 N WOODRUFF RD # B	SPOKANE VALLEY, WA 99206-4138
QUALITY GREEN TREES	Producer/Processor	26268 TWELVE TREE LN NW # 140	POULSBO, WA 98370
CREEKSIDE CANNABIS	Producer/Processor	33081 STATE ROUTE 20	SEDRO WOOLLEY, WA 98284-8044
TWO HEADS CO	Producer/Processor	1725 OCEAN AVE # BLDG 4	RAYMOND, WA 98577
DNA GARDENS	Producer/Processor	12720 278TH DR NE	GRANITE FALLS, WA 98252
GLW	Producer/Processor	3623 E PRINCETON AVE	SPOKANE, WA 99217
KOKUA SERVICES INC	Producer/Processor	8401 HOGUM BAY LN NE	LACEY, WA 98516-3125
FAIRWINDS MANUFACTURING	Producer/Processor	5913 NE 127TH AVE # 400	VANCOUVER, WA 98682
TOPSHELF	Producer/Processor	19705 60TH AVE NE # B	ARLINGTON, WA 98223-4769
DOC & YETI	Producer/Processor	2407 50TH AVE SW	TUMWATER, WA 98512
HARMONY FARMS	Producer/Processor	8575 COMMERCE PLACE DR NE # A	LACEY, WA 98516
SEATTLE'S PRIVATE RESERVE	Producer/Processor	17731 59TH AVE NE # 16A	ARLINGTON, WA 98223
OPTIMUM EXTRACTS	Producer/Processor	1501 CENTER ST	TACOMA, WA 98409-7923
GOLDEN TREE PRODUCTIONS	Producer/Processor	2524 N MACHIAS RD # UNIT A	LAKE STEVENS, WA 98258-9208
CANNA ORGANIX	Producer/Processor	374 BUSINESS PARK LOOP	SEQUIM, WA 98382-9491
TRAIL BLAZIN PRODUCTIONS	Producer/Processor	2005 DIVISION ST	BELLINGHAM, WA 98226
NORTHWEST CANNABIS SOLUTIONS	Producer/Processor	9603 LATHROP INDUSTRIAL DR SW	OLYMPIA, WA 98512
FORBIDDEN FARMS	Producer/Processor	1920 PORT OF TACOMA RD	TACOMA, WA 98421
AVITAS	Producer/Processor	25404 STATE ROUTE 9 NE	ARLINGTON, WA 98223
DAB DUDES HI GUYS	Producer/Processor	1445 19 B INDUSTRIAL WAY	LONGVIEW, WA 98632
BONDI FARMS	Producer/Processor	1401 INDUSTRIAL WAY	LONGVIEW, WA 98632
FIFTY FOLD INDUSTRIES	Producer/Processor	2709 N FELTS LN # STE 101	SPOKANE VALLEY, WA 99206
FIRELINE	Producer/Processor	17831 59TH AVE NE # 7	ARLINGTON, WA 98223-6303
JMS CONSULTANTS	Producer/Processor	1512 CENTER ST STE A	TACOMA, WA 98409-7903
SUSPENDED BRANDS	Producer/Processor	860 NE OLD BELFAIR HWY	BELFAIR, WA 98528-9613
AGRIJUANA	Producer/Processor	1810 SE COMMERCE AVE	BATTLE GROUND, WA 98604-8963
ROOT DOWN LLC	Producer/Processor	3830 E BOONE AVE	SPOKANE, WA 99202-4505
LANDRACE LABS	Producer/Processor	5845 192ND LN SW # 102	ROCHESTER, WA 98579
AGRO COUTURE	Producer/Processor	2602 S 38TH ST # PMB 292	TACOMA, WA 98409
SECRET GARDENS OF WASHINGTON	Producer/Processor	410 1DA ST W	BREMERTON, WA 98312-3134
FALCANNA	Producer/Processor	123 ELWHA RD	PORT ANGELES, WA 98362-9385
PIONEER NUGGETS	Producer/Processor	17835 59TH AVE NE # 8A	ARLINGTON, WA 98223-6303
VERDELUX CHOCOLATES	Producer/Processor	924 KENTUCKY ST	BELLINGHAM, WA 98225
SWIFTS GREEN LABS	Producer/Processor	45 RAYMOND SOUTH BEND RD	RAYMOND, WA 98577
GABRIEL LLC	Producer/Processor	29700 SE HIGH POINT WAY	ISSAQUAH, WA 98027-8886
SUBX	Producer/Processor	1419 WHITEHORN ST	FERNDALE, WA 98248-8923



SEATTLE CITY COUNCIL
CENTRAL STAFF

Cannabis Equity

AMY GORE, LISE KAYE, JASMINE MARWAHA, LEGISLATIVE ANALYSTS

FINANCE & HOUSING COMMITTEE
AUGUST 11, 2022

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

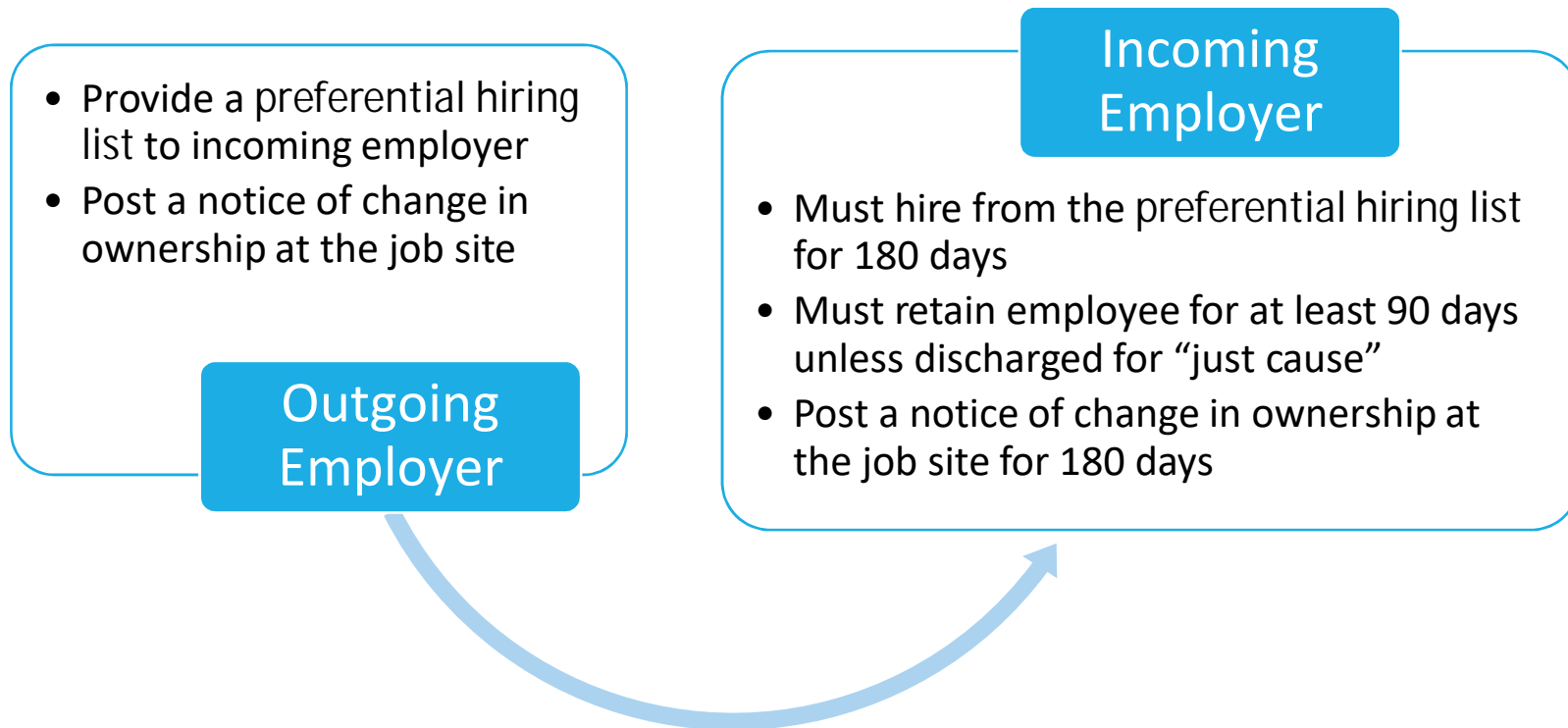
CB 120392 – Potential Amendments to Date

- 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?

Amendment 1 to CB 120392 - Cannabis Equity Licensing

Sponsor: Councilmember Herbold

*Reduced fees for small cannabis production businesses and for
cannabis transport businesses in Seattle*

Effect: Establishes cannabis business license fees of \$2,000 for cannabis production businesses located in Seattle whose production space does not exceed 4,000 square feet and for cannabis transporters located in Seattle. Those businesses currently pay a \$3,500 fee.

Insert the following new recitals in the body of the ordinance after the fifth “WHEREAS”:

WHEREAS, WAC 314-55-075 provides for businesses whose total space for cannabis production is less than 4,000 square feet to obtain a Tier 1 cannabis producer license from Washington State; and,

WHEREAS, Tier 1 cannabis producers are small family owned and operated businesses with slim margins which have been negatively impacted by the current license fee, and a reduced cannabis license fee would help to ensure the continued existence of small cannabis production businesses in Seattle; and

WHEREAS, cannabis transporters are small businesses that transport cannabis products between producers, processors and retailers which typically have a low profit margin as they are limited to transporting only cannabis products and only within Washington State; and

WHEREAS, Seattle cannabis retailers and processors rely on transporters to provide products for their businesses, and a reduced cannabis license fee for transporters would benefit Seattle businesses dependent upon the products they transport; and

Insert the following definition in Section 2 after the definition of “Cannabis producer” and renumber subsequent sections as appropriate :

“Cannabis producer – small business” means a cannabis producer holding a Tier 1 cannabis producer license from Washington State whose total space for cannabis production is less than 4,000 square feet;

Insert the following definition in Section 2 after the definition of “Cannabis retailer” and renumber subsequent sections as appropriate:

“Cannabis transporter” means a person licensed by the Washington State Liquor and Cannabis Board to physically transport or deliver cannabis, cannabis concentrates, and cannabis-infused products between licensed cannabis businesses within Washington State.

Amend Section 6 as follows:

6.500.080 License and related fees

A. Licenses shall expire June 30 each year and be annually renewable. The following annual fees shall apply:

1. ~~((Marijuana License))~~ Cannabis license - Located in Seattle: \$3,500
2. Cannabis license for cannabis producer – small business – Located in Seattle:
\$2,000
3. Cannabis license for cannabis transporter – Located in Seattle: \$2,000
- ~~((3))~~ 4. Cannabis license for social equity applicants - Located in Seattle: \$0
- ~~((4))~~ 5. ~~((Marijuana License))~~ Cannabis license - Located outside Seattle: ~~((.....))~~
\$2,000

Lise Kaye
Finance & Housing Committee
August 17, 2022
D3a

((~~5~~)) 6. Cannabis license for social equity applicants - Located outside Seattle: \$0



Legislation Text

File #: CB 120393, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE relating to employment in Seattle; adding a new Chapter 8.38 to the Seattle Municipal Code; and amending Sections 3.02.125 and 14.20.025 of the Seattle Municipal Code.

WHEREAS, the Council finds that it is necessary and appropriate to regulate the emerging cannabis industry within the City to improve workforce training and development, provide employee protections, and remedy the damage caused by cannabis prohibition and the failed War on Drugs to communities of color and marginalized communities; and

WHEREAS, the Council intends to address equity and workforce development within the cannabis industry by passing a package of ordinances; and

WHEREAS, jobs in the cannabis industry pose unusual risks to workers in both retail and processing due to the prevalence of cash-based transactions, use of volatile chemicals in manufacturing, and contagion exposure, and which involves a product that is highly regulated in Washington and remains illegal under federal law; and

WHEREAS, the Council encourages every cannabis business to insure that ten percent of all hours worked by employees are performed by employees who have an arrest or conviction for the possession, use, manufacture, or cultivation of cannabis that occurred prior to January 1, 2014 or has otherwise demonstrated impact from the failed War on Drugs (including having a parent, sibling, spouse, or child who has such conviction); and

WHEREAS, it is in the City's interest to retain cannabis workers who are trained in safety and compliance;

NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. A new Chapter 8.38 is added to the Seattle Municipal Code as follows:

Chapter 8.38 CANNABIS EMPLOYEE JOB RETENTION

8.38.010 Short title

This Chapter 8.38 shall constitute the “Cannabis Employee Job Retention Ordinance” and may be cited as such.

8.38.020 Definitions

For purposes of this Chapter 8.38:

"Adverse action" means denying a job or promotion, demoting, terminating, failing to rehire after a seasonal interruption of work, threatening, penalizing, engaging in unfair immigration-related practices, filing a false report with a government agency, changing an employee's status to a nonemployee, or otherwise discriminating against any person for any reason prohibited by this Chapter 8.38. "Adverse action" for an employee may involve any aspect of employment, including pay, work hours, responsibilities or other material change in the terms and conditions of employment.

"Agency" means the Office of Labor Standards and any division therein.

"Aggrieved party" means an employee or other person who suffers tangible or intangible harm due to an employer or other person's violation of this Chapter 8.38.

“Cannabis business” means an organization licensed or required to be licensed under Chapter 6.500.

"Change in control" means any sale, assignment, transfer, contribution, or other disposition of all or substantially all of the assets used in the operation of a cannabis business or a discrete portion of the cannabis business that continues in operation as a cannabis business of the same business type, or a controlling interest (including by consolidation, merger, or reorganization) of the outgoing cannabis employer or any person who controls the outgoing cannabis employer.

"City" means The City of Seattle.

"Compensation" means payment owed to an employee by reason of employment including, but not limited to, salaries, wages, tips, overtime, commissions, piece rate, bonuses, rest breaks, promised or legislatively required pay or paid leave, and reimbursement for employer expenses. For reimbursement for employer expenses, an employer shall indemnify the employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of the employee's duties, or of the employee's obedience to the directions of the employer, even though unlawful, unless the employee, at the time of obeying the directions, believed them to be unlawful.

"Director" means the Director of the Office of Labor Standards or the Director's designee.

"Employ" means to suffer or permit to work.

"Employee" means any individual employed by an employer, including but not limited to full-time employees, part-time employees, and temporary workers. An employer bears the burden of proof that the individual is, as a matter of economic reality, in business for oneself rather than dependent upon the alleged employer.

"Employer" means any individual, partnership, association, corporation, business trust, or any entity, person or group of persons, or a successor thereof, that employs another person and includes any such entity or person acting directly or indirectly in the interest of the employer in relation to the employee. More than one entity may be the "employer" if employment by one employer is not completely disassociated from employment by any other employer.

"Employment commencement date" means the date on which an employee retained by the incoming cannabis employer pursuant to this Chapter 8.38 commences work for the incoming cannabis employer in exchange for benefits and compensation under the terms and conditions established by the incoming cannabis employer or as required by law.

"Incoming cannabis employer" means an employer that owns, controls, or operates a cannabis business that is subject to a change in control after the change in control.

"Outgoing cannabis employer" means an employer that owns, controls, or operates a cannabis business that is subject to a change in control prior to the change in control.

"Preferential hiring list" means a list of the names, addresses, dates of hire, and job classifications for all employees that worked in the City for the outgoing cannabis employer for at least 30 calendar days prior to the execution of a transfer document.

"Rate of inflation" means 100 percent of the annual average growth rate of the bi-monthly Seattle-Tacoma-Bellevue Area Consumer Price Index for Urban Wage Earners and Clerical Workers, termed CPI-W, for the 12 month period ending in August, provided that the percentage increase shall not be less than zero.

"Respondent" means an employer or any person who is alleged to have committed a violation of this Chapter 8.38.

"Successor" means any person to whom an employer quitting, selling out, exchanging, or disposing of a business sells or otherwise conveys in bulk and not in the ordinary course of the employer's business, a major part of the property, whether real or personal, tangible or intangible, of the employer's business. For purposes of this definition, "person" means any individual, receiver, administrator, executor, assignee, trustee in bankruptcy, trust, estate, firm, corporation, business trust, partnership, limited liability partnership, company, joint stock company, limited liability company, association, joint venture, or any other legal or commercial entity.

"Transfer document" means the purchase agreement or other document(s) creating a binding agreement to effect a change in control.

8.38.030 Employee coverage

For the purposes of this Chapter 8.38, covered employees are limited to those who have worked in the City for an outgoing cannabis business for at least 30 calendar days prior to the execution of a transfer document.

8.38.040 Employer coverage

A. For the purposes of this Chapter 8.38, covered employers are limited to those who own, control, or operate a cannabis business in the City, including but not limited to integrated enterprises.

B. Separate entities that form an integrated enterprise shall be considered a single employer under this Chapter 8.38. Separate entities will be considered an integrated enterprise and a single employer under this Chapter 8.38 where a separate entity controls the operation of another entity. The factors to consider include but are not limited to:

1. Degree of interrelation between the operations of multiple entities;
2. Degree to which the entities share common management;
3. Centralized control of labor relations;
4. Degree of common ownership or financial control over the entities; and
5. Use of a common brand, trade, business, or operating name.

8.38.050 Outgoing cannabis employer obligations

A. When a cannabis business undergoes a change in control, the outgoing employer shall, within 15 calendar days after the execution of a transfer document, provide a preferential hiring list to the incoming cannabis employer.

B. The outgoing cannabis employer shall post written notice of the change in control at the affected business within five business days following the execution of the transfer document. Notice shall be posted in a conspicuous place so as to be readily viewed by employees and applicants for employment. Notice shall include, but not be limited to, the name of the outgoing cannabis employer and its contact information, the name of the incoming cannabis employer and its contact information, and the effective date of the change in control.

8.38.060 Incoming cannabis employer obligations

A. The incoming cannabis employer shall keep the notice required by subsection 8.38.050.B posted during any closure of the cannabis business and for 180 calendar days after the cannabis business is open to the public under its control.

B. The incoming cannabis employer shall:

1. Maintain the preferential hiring list provided by the outgoing cannabis employer, as set forth in subsection 8.38.050.A; and

2. Hire from that preferential hiring list for a period beginning upon the execution of the transfer document and continuing for 180 calendar days after the cannabis business is open to the public under the incoming cannabis employer. The incoming cannabis employer must hire by seniority within each job classification to the extent that comparable job classifications exist.

C. If the incoming cannabis employer extends an offer of employment to an employee, the offer shall be in writing and remain open for at least ten business days.

D. If the employee accepts the written job offer, the incoming cannabis employer shall retain that employee for no fewer than 90 calendar days following the employee's employment commencement date. During this 90-day transition employment period, the employee shall be employed under the terms and conditions established by the incoming cannabis employer, or as required by law, except for as provided in subsection 8.38.060.E.

E. During the 90-day transition employment period established by subsection 8.38.060.D, the incoming cannabis employer shall:

1. Only lay off employees if the incoming cannabis employer determines that fewer cannabis employees were required than by the outgoing cannabis employer. In this circumstance, the incoming cannabis employer shall retain employees by seniority within each job classification to the extent that comparable job classifications exist; and

2. Only discharge an employee for just cause.

F. At the end of the 90-day transition employment period established by subsection 8.38.060.D, the incoming cannabis employer shall provide a written performance evaluation to each employee. If the employee's performance during the 90-day transition employment period is satisfactory, the incoming cannabis employer shall consider offering the employee continued employment under the terms and conditions

established by the incoming cannabis employer, or as required by law.

8.38.100 Notice and posting

A. The Agency shall create and make available a poster that gives notice of the rights afforded by this Chapter 8.38. The Agency shall create the poster in English, Spanish, and other languages. The poster shall give notice of:

1. The right to notice that the cannabis business is changing ownership;
2. The right to be offered a job with the incoming cannabis employer;
3. The right to just cause employment for the first 90 days of employment;
4. If layoff is required, the right to be laid off by seniority within one's job classification for the first 90 days of employment;
5. The right to a written performance evaluation after 90 days of employment;
6. The right to be protected from retaliation for exercising in good faith the rights protected by this Chapter 8.38; and
7. The right to file a complaint with the Agency or bring a civil action for violation of the requirements of this Chapter 8.38.

B. Employers shall display the poster in a conspicuous and accessible place at any workplace or job site where any of their employees work. Employers shall display the poster in English and in the primary language of the employee(s) at the particular workplace. Employers shall make a good faith effort to determine the primary languages of the employees at that particular workplace. If display of the poster is not feasible, including situations when the employee works remotely or does not have a regular workplace or job site, employers may provide the poster on an individual basis in an employee's primary language in physical or electronic format that is reasonably conspicuous and accessible.

C. Employers shall give written notice to employees of the name and any trade ("doing business as") names used by any associated integrated enterprise. Such information shall be included in the written notice of

employment information required by subsection 14.20.025.D.

8.38.110 Employer records

A. Each employer shall retain records that document compliance with this Chapter 8.38 including:

1. A written copy of the preferential hiring list required by subsection 8.38.050.A;
2. Written verification of offers of employment extended to each employee as required by

subsection 8.38.060.B. The verification shall include the name, address, date of hire, and employment occupation classification of each employee;

3. Written records of the performance evaluations required by subsection 8.38.060.F; and

4. Pursuant to rules issued by the Director, other records that are material and necessary to

effectuate the terms of this Chapter 8.38.

B. Records required by subsection 8.38.110.A shall be retained for a period of three years.

C. If the employer fails to retain adequate records required under subsection 8.38.110.A, there shall be a presumption, rebuttable by clear and convincing evidence, that the employer violated this Chapter 8.38 for the periods for which records were not retained for each employee for whom records were not retained.

8.38.120 Retaliation prohibited

A. No employer or any other person shall interfere with, restrain, deny, or attempt to deny the exercise of any right protected under this Chapter 8.38.

B. No employer or any other person shall take any adverse action against any person because the person has exercised in good faith the rights protected under this Chapter 8.38. Such rights include but are not limited to the right to make inquiries about the rights protected under this Chapter 8.38; the right to inform others about their rights under this Chapter 8.38; the right to inform the person's employer, the person's legal counsel, a union or similar organization, or any other person about an alleged violation of this Chapter 8.38; the right to file an oral or written complaint with the Agency or bring a civil action for an alleged violation of this Chapter 8.38; the right to cooperate with the Agency in its investigations of this Chapter 8.38; the right to testify in a

proceeding under or related to this Chapter 8.38; the right to refuse to participate in an activity that would result in a violation of city, state, or federal law; and the right to oppose any policy, practice or act that is unlawful under this Chapter 8.38.

C. No employer or any other person shall communicate to a person exercising rights protected in this Section 8.38.120, directly or indirectly, the willingness to inform a government employee or contracted organization that the person is not lawfully in the United States, or to report, or to make an implied or express assertion of a willingness to report, suspected citizenship or immigration status of an employee or a family member of the employee to a federal, state, or local agency because the employee has exercised a right under this Chapter 8.38.

D. It shall be a rebuttable presumption of retaliation if the employer or any other person takes an adverse action against a person within 90 days of the person's exercise of rights protected in this Section 8.38.120. However, in the case of seasonal employment that ended before the close of the 90-calendar day period, the presumption also applies if the employer fails to rehire a former employee at the next opportunity for work in the same position. The employer may rebut the presumption with clear and convincing evidence that the adverse action was taken for a permissible purpose.

E. Proof of retaliation under this Section 8.38.120 shall be sufficient upon a showing that the employer or any other person has taken an adverse action against a person and the person's exercise of rights protected in this Section 8.38.120 was a motivating factor in the adverse action, unless the employer can prove that the action would have been taken in the absence of such protected activity.

F. The protections afforded under this Section 8.38.120 shall apply to any person who mistakenly but in good faith alleges violations of this Chapter 8.38.

G. A complaint or other communication by any person triggers the protections of this Section 8.38.120 regardless of whether the complaint or communication is in writing or makes explicit reference to this Chapter 8.38.

8.38.125 Rulemaking authority

The Director is authorized to administer and enforce this Chapter 8.38. The Director is authorized to promulgate, revise, or rescind rules and regulations deemed necessary, appropriate, or convenient to administer, evaluate and enforce the provisions of this Chapter 8.38 pursuant to Chapter 3.02, providing affected entities with due process of law and in conformity with the intent and purpose of this Chapter 8.38. Any rules promulgated by the Director shall have the force and effect of law and may be relied on by employers, employees, and other parties to determine their rights and responsibilities under this Chapter 8.38.

8.38.130 Enforcement power and duties

The Agency shall have the power to administer and enforce this Chapter 8.38 and shall have such powers and duties in the performance of these functions as are defined in this Chapter 8.38 and otherwise necessary and proper in the performance of the same and provided for by law.

8.38.140 Violation

The failure of any respondent to comply with any requirement imposed on the respondent under this Chapter 8.38 is a violation.

8.38.150 Investigation

A. The Agency shall have the power to investigate any violations of this Chapter 8.38 by any respondent. The Agency may prioritize investigations of workforces that are vulnerable to violations of this Chapter 8.38. The Agency may initiate an investigation pursuant to Director's Rules including, but not limited to, situations when the Director has reason to believe that a violation has occurred or will occur, or when circumstances show that violations are likely to occur within a class of businesses because either the workforce contains significant numbers of workers who are vulnerable to violations of this Chapter 8.38 or the workforce is unlikely to volunteer information regarding such violations. An investigation may also be initiated through the receipt by the Agency of a report or complaint filed by an employee or any other person.

B. An employee or other person may report to the Agency any suspected violation of this Chapter 8.38.

The Agency shall encourage reporting pursuant to this Section 8.38.150 by taking the following measures:

1. The Agency shall keep confidential, to the maximum extent permitted by applicable laws, the name and other identifying information of the employee or person reporting the violation. However, with the authorization of such person, the Agency may disclose the employee's or person's name and identifying information as necessary to enforce this Chapter 8.38 or for other appropriate purposes.

2. The Agency may require the employer to post or otherwise notify other employees working for the employer that the Agency is conducting an investigation. The network company shall provide the notice of investigation in a form, place, and manner designated by the Agency. The Agency shall create the notice of investigation in English and other languages.

3. The Agency may certify the eligibility of eligible persons for "U" Visas under the provisions of 8 U.S.C. § 1184(p) and 8 U.S.C. § 1101(a)(15)(U). This certification is subject to applicable federal law and regulations, and Director's Rules.

C. The Agency's investigation shall commence within three years of the alleged violation. To the extent permitted by law, the applicable statute of limitations for civil actions is tolled during any investigation under this Chapter 8.38 and any administrative enforcement proceeding under this Chapter 8.38 based upon the same facts. For purposes of this Chapter 8.38:

1. The Agency's investigation begins on the earlier date of when the Agency receives a complaint from a person under this Chapter 8.38, or the Agency provides notice to the respondent that an investigation has commenced under this Chapter 8.38.

2. The Agency's investigation ends when the Agency issues a final order concluding the matter and any appeals have been exhausted; the time to file any appeal has expired; or the Agency notifies the respondent in writing that the investigation has been otherwise resolved.

D. The Agency's investigation shall be conducted in an objective and impartial manner.

E. The Director may apply by affidavit or declaration in the form allowed under RCW 5.50.050 to the

Hearing Examiner for the issuance of subpoenas requiring an employer to produce the records required by Section 8.38.110, or the attendance and testimony of witnesses, or for the production of documents required to be retained under Section 8.38.110, or any other document relevant to the issue of whether any employee or group of employees received the information or other benefits required by this Chapter 8.38 and/or to whether the employer has violated any provision of this Chapter 8.38. The Hearing Examiner shall conduct the review without hearing as soon as practicable and shall issue subpoenas upon a showing that there is reason to believe that: a violation has occurred; a complaint has been filed with the Agency; or circumstances show that violations are likely to occur within a class of businesses because the workforce contains significant numbers of app-based workers who are vulnerable to violations of this Chapter 8.38, the workforce is unlikely to volunteer information regarding such violations, or the Agency has gathered preliminary information indicating that a violation may have occurred.

F. An employer that fails to comply with the terms of any subpoena issued under subsection 8.38.150.E in an investigation by the Agency under this Chapter 8.38 before the issuance of a Director's Order issued pursuant to subsection 8.38.160.C may not use such records in any appeal to challenge the correctness of any determination by the Agency of liability, damages owed, or penalties assessed.

G. In addition to other remedies, the Director may refer any subpoena issued under subsection 8.38.150.E to the City Attorney to seek a court order to enforce any subpoena.

H. Where the Director has reason to believe that a violation has occurred, the Director may order any appropriate temporary or interim relief to mitigate the violation or maintain the status quo pending completion of a full investigation or hearing, including but not limited to a deposit of funds or bond sufficient to satisfy a good faith estimate of compensation, interest, damages, and penalties due. A respondent may appeal any such order in accordance with Section 8.38.180.

8.38.160 Findings of fact and determination

A. Except when there is an agreed upon settlement, the Director shall issue a written determination with

findings of fact resulting from the investigation and statement of whether a violation of this Chapter 8.38 has or has not occurred based on a preponderance of the evidence before the Director.

B. If the Director determines that there is no violation of this Chapter 8.38, the Director shall issue a "Determination of No Violation" with notice of an employee or other person's right to appeal the decision, pursuant to Director's Rules.

C. If the Director determines that a violation of this Chapter 8.38 has occurred, the Director shall issue a "Director's Order" that shall include a notice of violation identifying the violation or violations.

1. The Director's Order shall state with specificity the amounts due under this Chapter 8.38 for each violation, including payment of unpaid compensation, liquidated damages, civil penalties, penalties payable to aggrieved parties, fines, and interest pursuant to Section 8.38.170.

2. The Director's Order may specify that civil penalties and fines due to the Agency can be mitigated for respondent's timely payment of remedy due to an aggrieved party pursuant to subsection 8.38.170.A.4.

3. The Director's Order may specify that civil penalties and fines are due to the aggrieved party rather than due to the Agency.

4. The Director's Order may direct the respondent to take such corrective action as is necessary to comply with the requirements of this Chapter 8.38, including, but not limited to, monitored compliance for a reasonable time period.

5. The Director's Order shall include notice of the respondent's right to appeal the decision, pursuant to Section 8.38.180.

8.38.170 Remedies

A. The payment of unpaid compensation, liquidated damages of up to twice the amount of unpaid compensation, civil penalties, penalties payable to aggrieved parties, fines, and interest provided under this Chapter 8.38, is cumulative and is not intended to be exclusive of any other available remedies, penalties, fines

and procedures.

1. The amounts of all civil penalties, penalties payable to aggrieved parties, and fines contained in this Section 8.38.170 shall be increased annually to reflect the rate of inflation and calculated to the nearest cent on January 1 of each year thereafter. The Agency shall determine the amounts and file a schedule of such amounts with the City Clerk.

2. If a violation is ongoing when the Agency receives a complaint or opens an investigation, the Director may order payment of unpaid compensation plus interest that accrues after receipt of the complaint or after the investigation opens and before the date of the Director's Order.

3. Interest shall accrue from the date the unpaid compensation was first due at 12 percent annum, or the maximum rate permitted under RCW 19.52.020.

4. If there is a remedy due to an aggrieved party, the Director may waive part or all civil penalties and fines due to the Agency based on timely payment of the full remedy due to the aggrieved party.

a. The Director may waive the total amount of civil penalties and fines due to the Agency if the Director determines that the respondent paid the full remedy due to the aggrieved party within ten days of service of the Director's Order.

b. The Director may waive half the amount of civil penalties and fines due to the Agency if the Director determines that the respondent paid the full remedy due to the aggrieved party within 15 days of service of the Director's Order.

c. The Director shall not waive any amount of civil penalties and fines due to the Agency if the Director determines that the respondent has not paid the full remedy due to the aggrieved party after 15 days of service of the Director's Order.

5. When determining the amount of liquidated damages, civil penalties, penalties payable to aggrieved parties, and fines due under this Section 8.38.170, for a settlement agreement or Director's Order, including but not limited to the mitigation of civil penalties and fines due to the Agency for timely payment of

remedy due to an aggrieved party under subsection 8.38.170.A.4, the Director may consider:

- a. The total amount of unpaid compensation, liquidated damages, penalties, fines, and interest due;
- b. The nature and persistence of the violations;
- c. The extent of the respondent's culpability;
- d. The substantive or technical nature of the violations;
- e. The size, revenue, and human resources capacity of the respondent;
- f. The circumstances of each situation;
- g. The amount of penalties in similar situations; and
- h. Pursuant to rules that the Director may issue, other factors that are material and necessary to effectuate the terms of this Chapter 8.38.

B. A respondent found to be in violation of this Chapter 8.38 shall be liable for full payment of unpaid compensation due plus interest in favor of the aggrieved party under the terms of this Chapter 8.38, and other equitable relief.

1. If the precise amount of unpaid compensation cannot be determined due to a respondent's failure to produce records, or if a respondent produces records in a manner or form which makes timely determination of the amount of unpaid compensation impracticable, the Director may:

- a. Determine unpaid compensation as a matter of just and reasonable inference, including the use of representative evidence such as testimony or other evidence from representative employees or other aggrieved parties establishing violations for a class of employees or aggrieved parties; or
- b. Assess a daily amount for unpaid compensation in a minimum amount of \$150 for each day that each violation occurred or continued. This amount shall be increased annually to reflect the rate of inflation and calculated to the nearest cent on January 1 of each year thereafter. The Agency shall determine the amounts and file a schedule of such amounts with the City Clerk.

2. For a first violation of this Chapter 8.38, the Director may assess liquidated damages in an additional amount of up to twice the unpaid compensation.

3. For subsequent violations of this Chapter 8.38, the Director shall assess an amount of liquidated damages in an additional amount of twice the unpaid compensation.

4. For purposes of establishing a first and subsequent violation for this Section 8.38.170, the violation must have occurred within ten years of the settlement agreement or Director's Order.

C. A respondent found to be in violation of this Chapter 8.38 for retaliation under Section 8.38.120 shall be subject to any appropriate relief at law or equity including, but not limited to, reinstatement of the aggrieved party, front pay in lieu of reinstatement with full payment of unpaid compensation plus interest in favor of the aggrieved party under the terms of this Chapter 8.38, and liquidated damages in an additional amount of up to twice the unpaid compensation. The Director also shall order the imposition of a penalty payable to the aggrieved party of up to \$5,755.31.

D. The Director is authorized to assess civil penalties for a violation of this Chapter 8.38 and may specify that civil penalties are due to the aggrieved party rather than due to the Agency.

1. For a first violation of this Chapter 8.38, the Director may assess a civil penalty of up to \$575.31 per aggrieved party.

2. For a second violation of this Chapter 8.38, the Director shall assess a civil penalty of up to \$1,150.63 per aggrieved party, or an amount equal to ten percent of the total amount of unpaid compensation, whichever is greater.

3. For a third or any subsequent violation of this Chapter 8.38, the Director shall assess a civil penalty of up to \$5,755.31 per aggrieved party, or an amount equal to ten percent of the total amount of unpaid compensation, whichever is greater.

4. For purposes of this Section 8.38.170, a violation is a second, third, or subsequent violation if the respondent has been a party to one, two, or more than two settlement agreements, respectively, stipulating

that a violation has occurred; and/or one, two, or more than two Director's Orders, respectively, have issued against the respondent in the ten years preceding the date of the violation; otherwise, it is a first violation.

E. The Director is authorized to assess fines for a violation of this Chapter 8.38 and may specify that fines are due to the aggrieved party rather than due to the Agency. The Director is authorized to assess fines as follows:

Violation	Fine
Failure to post notice of the change in control of cannabis business as required by subsections 8.38.050.B and 8.38.060.A	\$575.31 per aggrieved party
Failure to hire from the preferential hiring list as required by Section 8.38.060	\$575.31 per aggrieved party
Failure to retain an employee for at least 90 days as required by Section 8.38.060	\$575.31 per aggrieved party
Failure to provide employees with written notice of rights under Section 8.38.100	\$575.31 per aggrieved party
Failure to retain records for three years under Section 8.38.110	\$575.31 per missing record
Failure to comply with prohibitions against retaliation for exercising rights protected under Section 8.38.120	\$1,150.63 per aggrieved party
Failure to provide notice of investigation to employees under subsection 8.38.150.B.2	\$575.31 per aggrieved party
Failure to provide notice of failure to comply with final order to the public under subsection 8.38.210.A.1	\$575.31 per aggrieved party

The maximum amount that may be imposed in fines in a one-year period for each type of violation listed above is \$5,755.31 per aggrieved party. If a fine for retaliation is issued, the maximum amount that may be imposed is \$23,020 per aggrieved party.

F. A respondent that willfully hinders, prevents, impedes, or interferes with the Director or Hearing Examiner in the performance of their duties under this Chapter 8.38 shall be subject to a civil penalty of not less than \$1,150.63 and not more than \$5,755.31.

G. In addition to the unpaid compensation, penalties, fines, liquidated damages, and interest, the Agency may assess against the respondent in favor of the City the reasonable costs incurred in enforcing this Chapter

8.38, including but not limited to reasonable attorney's fees.

H. A respondent that is the subject of a settlement agreement stipulating that a violation has occurred shall count for debarment, or a final order for which all appeal rights have been exhausted, shall not be permitted to bid, or have a bid considered, on any City contract until such amounts due under the final order have been paid in full to the Director. If the respondent is the subject of a final order two times or more within a five-year period, the respondent shall not be allowed to bid on any City contract for two years. This subsection 8.38.170.H shall be construed to provide grounds for debarment separate from, and in addition to, those contained in Chapter 20.70 and shall not be governed by that chapter, provided that nothing in this subsection 8.38.170.H shall be construed to limit the application of Chapter 20.70. The Director shall notify the Director of Finance and Administrative Services of all employers subject to debarment under this subsection 8.38.170.H.

8.38.180 Appeal period and failure to respond

A. An employee or other person who claims an injury as a result of an alleged violation of this Chapter 8.38 may appeal the Determination of No Violation, pursuant to Director's Rules.

B. A respondent may appeal the Director's Order, including all remedies issued pursuant to Section 8.38.170, by requesting a contested hearing before the Hearing Examiner in writing within 15 days of service of the Director's Order. If a respondent fails to appeal the Director's Order within 15 days of service, the Director's Order shall be final. If the last day of the appeal period so computed is a Saturday, Sunday, or federal or City holiday, the appeal period shall run until 5 p.m. on the next business day.

8.38.190 Appeal procedure and failure to appear

A. Contested hearings shall be conducted pursuant to the procedures for hearing contested cases contained in Section 3.02.090 and the rules adopted by the Hearing Examiner for hearing contested cases. The hearing shall be conducted de novo and the Director shall have the burden of proving by a preponderance of the evidence that the violation or violations occurred. Upon establishing such proof, the remedies and penalties imposed by the Director shall be upheld unless it is shown that the Director abused discretion. Failure to appear

for a contested hearing shall result in an order being entered finding that the respondent committed the violation stated in the Director's Order. For good cause shown and upon terms the Hearing Examiner deems just, the Hearing Examiner may set aside an order entered upon a failure to appear.

B. In all contested cases, the Hearing Examiner shall enter an order affirming, modifying, or reversing the Director's Order, consistent with Ordinance 126068.

8.38.200 Appeal from Hearing Examiner order

A. The respondent may obtain judicial review of the decision of the Hearing Examiner by applying for a Writ of Review in the King County Superior Court within 30 days from the date of the decision in accordance with the procedure set forth in chapter 7.16 RCW, other applicable law, and court rules.

B. The decision of the Hearing Examiner shall be final and conclusive unless review is sought in compliance with this Section 8.38.200.

8.38.210 Failure to comply with final order

A. If a respondent fails to comply within 30 days of service of any settlement agreement with the Agency, or with any final order issued by the Director or the Hearing Examiner for which all appeal rights have been exhausted, the Agency may pursue, but is not limited to, the following measures to secure compliance:

1. The Director may require the respondent to post or distribute public notice of the respondent's failure to comply in a form and manner determined by the Agency.

2. The Director may refer the matter to a collection agency. The cost to the City for the collection services will be assessed as costs, at the rate agreed to between the City and the collection agency, and added to the amounts due.

3. The Director may refer the matter to the City Attorney for the filing of a civil action in King County Superior Court, the Seattle Municipal Court, or any other court of competent jurisdiction to enforce such order or to collect amounts due. In the alternative, the Director may seek to enforce a settlement agreement, a Director's Order, or a final order of the Hearing Examiner under Section 8.38.220.

4. The Director may request that the City's Department of Finance and Administrative Services deny, suspend, refuse to renew, or revoke any business license held or requested by the employer or person until such time as the employer complies with the remedy as defined in the settlement agreement or final order. The City's Department of Finance and Administrative Services shall have the authority to deny, refuse to renew, or revoke any business license in accordance with this subsection 8.38.210.A.4.

B. No respondent that is the subject of a settlement agreement or final order issued under this Chapter 8.38 shall quit business, sell out, exchange, convey, or otherwise dispose of the respondent's business or stock of goods without first notifying the Agency and without first notifying the respondent's successor of the amounts owed under the settlement agreement or final order at least three business days prior to such transaction. At the time the respondent quits business, or sells out, exchanges, or otherwise disposes of the respondent's business or stock of goods, the full amount of the remedy, as defined in the settlement agreement or the final order issued by the Director or the Hearing Examiner, shall become immediately due and payable. If the amount due under the settlement agreement or final order is not paid by respondent within ten days from the date of such sale, exchange, conveyance, or disposal, the successor shall become liable for the payment of the amount due, provided that the successor has actual knowledge of the order and the amounts due or has prompt, reasonable, and effective means of accessing and verifying the fact and amount of the order and the amounts due. The successor shall withhold from the purchase price a sum sufficient to pay the amount of the full remedy. When the successor makes such payment, that payment shall be deemed a payment upon the purchase price in the amount paid, and if such payment is greater in amount than the purchase price the amount of the difference shall become a debt due such successor from the employer.

8.38.220 Debt owed The City of Seattle

A. All monetary amounts due under a settlement agreement or Director's Order shall be a debt owed to the City and may be collected in the same manner as any other debt in like amount, which remedy shall be in addition to all other existing remedies; provided that amounts collected by the City for unpaid compensation,

liquidated damages, penalties payable to aggrieved parties, or front pay shall be held in trust by the City for the aggrieved party and, once collected by the City, shall be paid by the City to the aggrieved party.

B. If a respondent fails to appeal a Director's Order to the Hearing Examiner within the time period set forth in subsection 8.38.180.B the Director's Order shall be final, and the Director may petition the Seattle Municipal Court, or any court of competent jurisdiction, to enforce the Director's Order by entering judgment in favor of the City finding that the respondent has failed to exhaust its administrative remedies and that all amounts and relief contained in the order are due. The Director's Order shall constitute prima facie evidence that a violation occurred and shall be admissible without further evidentiary foundation. Any certifications or declarations authorized under RCW 5.50.050 containing evidence that the respondent has failed to comply with the order or any parts thereof, and is therefore in default, or that the respondent has failed to appeal the Director's Order to the Hearing Examiner within the time period set forth in subsection 8.38.180.B and therefore has failed to exhaust the respondent's administrative remedies, shall also be admissible without further evidentiary foundation.

C. If a respondent fails to obtain judicial review of an order of the Hearing Examiner within the time period set forth in subsection 8.38.200.A, the order of the Hearing Examiner shall be final, and the Director may petition the Seattle Municipal Court to enforce the Director's Order by entering judgment in favor of the City for all amounts and relief due under the order of the Hearing Examiner. The order of the Hearing Examiner shall constitute conclusive evidence that the violations contained therein occurred and shall be admissible without further evidentiary foundation. Any certifications or declarations authorized under RCW 9A.72.085 containing evidence that the respondent has failed to comply with the order or any parts thereof, and is therefore in default, or that the respondent has failed to avail itself of judicial review in accordance with subsection 8.38.200.A, shall also be admissible without further evidentiary foundation.

D. In considering matters brought under subsections 8.38.220.B and 8.38.220.C, the Seattle Municipal Court may include within its judgment all terms, conditions, and remedies contained in the Director's Order or

the order of the Hearing Examiner, whichever is applicable, that are consistent with the provisions of this Chapter 8.38.

8.38.230 Private right of action

A. Any person or class of persons that suffers an injury as a result of a violation of this Chapter 8.38 or is the subject of prohibited retaliation under Section 8.38.120 may bring a civil action in a court of competent jurisdiction against the employer or other person violating this Chapter 8.38 and, upon prevailing, may be awarded reasonable attorney fees and costs and such legal or equitable relief as may be appropriate to remedy the violation including, without limitation: the payment of any unpaid compensation plus interest due to the person and liquidated damages in an additional amount of up to twice the unpaid compensation; and a penalty payable to any aggrieved party of up to \$5,755.31 if the aggrieved party was subject to prohibited retaliation. Interest shall accrue from the date the unpaid compensation was first due at 12 percent per annum, or the maximum rate permitted under RCW 19.52.020.

B. For purposes of this Section 8.38.230, "person" includes any entity a member of which has suffered an injury or retaliation, or any other individual or entity acting on behalf of an aggrieved party that has suffered injury or retaliation.

C. For purposes of determining membership within a class of persons entitled to bring an action under this Section 8.38.230, two or more employees are similarly situated if they:

1. Are or were employed by the same employer or employers, whether concurrently or otherwise, at some point during the applicable statute of limitations period,
2. Allege one or more violations that raise similar questions as to liability, and
3. Seek similar forms of relief.

D. For purposes of subsection 8.38.230.C, employees shall not be considered dissimilar solely because:

1. The employees' claims seek damages that differ in amount, or
2. The job titles or other means of classifying employees differ in ways that are unrelated to their

claims.

E. An order issued by the court may include a requirement for an employer to submit a compliance report to the court and to the City.

8.38.233 Waiver

Any waiver by an individual of any provisions of this Chapter 8.38 shall be deemed contrary to public policy and shall be void and unenforceable.

8.38.240 Other legal requirements-Effect on other laws

A. The provisions of this Chapter 8.38:

1. Supplement and do not diminish or replace any other basis of liability or requirement established by statute or common law;
2. Shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard for minimum labor and compensation requirements, or which extends other protections to employees of a cannabis business; and
3. Shall not be interpreted or applied so as to create any power or duty in conflict with federal or state law.

B. This Chapter 8.38 shall not be construed to preclude any person aggrieved from seeking judicial review of any final administrative decision or order made under this Chapter 8.38 affecting such person. Nothing in this Section 8.38.240 shall be construed as restricting an employee's right to pursue any other remedies at law or equity for violation of the employee's rights.

8.38.250 Severability

The provisions of this Chapter 8.38 are declared to be separate and severable. If any clause, sentence, paragraph, subdivision, section, subsection, or portion of this Chapter 8.38, or the application thereof to any employer, employee, or circumstance, is held to be invalid, it shall not affect the validity of the remainder of this Chapter 8.38 or the validity of its application to other persons or circumstances.

Section 2. Subsection 14.20.025.D of the Seattle Municipal Code, which section was last amended by Ordinance 125135, is amended as follows:

14.20.025 Notice and posting

* * *

D. Employers shall give written notice of employment information to employees that contains items listed in subsections 14.20.025.D.4.a through 14.20.025.D.4.~~(i)~~j in English and in the primary language(s) of the employee(s) receiving the written information.

1. Employers shall give this written notice to employees at time of hire and to all employees who work for the employer as of that date and in the future.

2. Employers shall revise this written notice before any change to such employment information, or as soon as practicable for retroactive changes to such employment information, pursuant to rules issued by the Director. For the written good faith estimate of the employee's work schedule in subsection 14.20.025.D.4.h, the employer is required to revise the notice once every year and when there is a significant change to the work schedule due to changes in the employee's availability or to the employer's business needs, pursuant to Section 14.22.025.

3. If an employer fails to give this written notice for the items listed in subsections 14.20.025.D.4.a through 14.20.025.D.4.g, the failure shall constitute evidence weighing against the credibility of the employer's testimony regarding the agreed-upon rate of pay.

4. The written notice shall include the following items:

- a. Name of employer and any trade ("doing business as") names used by the employer;
- b. Physical address of the employer's main office or principal place of business and, if different, a mailing address;
- c. Telephone number and, if applicable, email address of the employer;
- d. Employee's rate or rates of pay, and, if applicable, eligibility to earn an overtime rate

or rates of pay;

e. Employer's tip policy, with an explanation of any tip sharing, pooling, or allocation policies;

f. Pay basis (e.g. hour, work shift, day, week, commission);

g. Employee's established pay day for earned compensation due by reason of employment;

h. For employees covered by Chapter 14.22, a written good faith estimate of the employee's work schedule including the median number of hours the employee can expect to work each work week, and whether the employee will be expected to work on-call shifts; ~~((and))~~

i. For employees covered by Chapter 8.38, the information required by subsection 8.38.100.C; and

~~((+))~~j. Pursuant to rules issued by the Director, other information that is material and necessary to effectuate the terms of this Chapter 14.20.

Section 3. Section 3.02.125 of the Seattle Municipal Code, last amended by Ordinance 126283, is amended as follows:

3.02.125 Hearing Examiner filing fees

A. The filing fee for a case before the City Hearing Examiner is \$85, with the following exceptions:

Basis for Case	Fee in dollars
* * *	
Cable Communications (Chapter 21.60)	No fee
<u>Cannabis Jobs Retention Ordinance (Chapter 8.38)</u>	No fee
* * *	

* * *

Section 4. Sections 1 and 2 of this ordinance shall take effect nine months after the effective date of this

ordinance.

Section 5. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the _____ day of _____, 2022, and signed by me in open session in authentication of its passage this ____ day of _____, 2022.

President _____ of the City Council

Approved / returned unsigned / vetoed this ____ day of _____, 2022.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2022.

Elizabeth M. Adkisson, Interim City Clerk

(Seal)

Attachments:

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact/Phone:	CBO Contact/Phone:
Office of Labor Standards	Kerem Levitas/206-641-6427	Kailani DeVille/206-615-0703

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to employment in Seattle; adding a new Chapter 8.38 to the Seattle Municipal Code; and amending Sections 3.02.125 and 14.20.025 of the Seattle Municipal Code.

Summary and Background of the Legislation: This legislation requires cannabis business employers to take certain actions to reduce job insecurity caused by changes in ownership. Covered employers are those who own, operate and/or control a cannabis business. Covered employees include those who work at a covered cannabis business for at least 30 days prior to a change in ownership. Key protections include:

1. Outgoing employer obligations

- a. Outgoing employers that undergo a change in ownership must provide a preferential hiring list to the incoming employer.
- b. Outgoing employers must post notice of the change in ownership at the jobsite.

2. Incoming employer obligations

- a. Incoming employers must hire from the preferential hiring list for 180 days. If an employee accepts a job offer, the employer must retain the employee for no less than 90 days and can only discharge the employee for just cause during this time period.
- b. Incoming employers must continue to post notice of the change in ownership for 180 days.

3. **Notice and Posting.** Employers must provide a notice of rights afforded under the ordinance. Employers must also provide a written notice to employees of the names used by any associated integrated enterprises.

4. **Recordkeeping.** Employers must maintain records that document compliance for a period of three years.

5. **OLS Enforcement and Outreach.** The legislation provides authority to the Office of Labor Standards (OLS) to provide rulemaking, outreach and enforcement related to the new labor standard.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? Yes No

3. SUMMARY OF FINANCIAL IMPLICATIONS

materials in other languages and working with community partners to ensure that translations are appropriate for the particular demographic groups in impacted communities. OLS intends to provide translations based on information and best practices made available by the Office of Immigrant and Refugee Affairs.

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

No.

2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

No.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?

This legislation will be similar to other labor standards that OLS provides education and outreach on and enforces. The same metrics OLS uses for other local labor laws should apply here (e.g., number of inquiries, number of complaints, case completion time).

Education, outreach and enforcement will be key to the effectiveness of providing employers with information on their responsibilities, employees information on their rights, and promoting compliance with required protections and benefits.

Summary Attachments:

August 8, 2022

MEMORANDUM

To: Finance and Housing Committee
From: Jasmine Marwaha, Analyst
Subject: Council Bill 120393, creating transparency and job security protections for cannabis employees

On Thursday, August 11, the Finance and Housing Committee will discuss [Council Bill \(CB\) 120393](#). CB 120393 is intended to create job security and transparency protections for employees of cannabis businesses in Seattle in the event of changes in business ownership. CB 120393 is part of a suite of legislation proposed to advance racial and social equity in cannabis regulations. The bill is intended to provide workforce stability while the City continues to look at policies and investments to improve racial disparities in the cannabis industry and clarify license requirements for cannabis businesses. Please see staff memos for [CB 120391](#) (Cannabis Equity) and [CB 120392](#) (Cannabis Licensing) for additional information on these efforts to address cannabis equity in the City.

This memo provides background on the legislation, a summary of CB 120393, policy issues, and next steps.

Background

The Finance and Housing Committee has heard employees share concerns in previous committee meetings about job insecurity due to the changing nature of cannabis business ownership. For example, in one instance discussed in committee, all employees in a cannabis business were laid off when that business was sold to a new owner. Currently there are no protections in place for cannabis workers to retain their jobs in the event of a change in business ownership.

Job insecurity and transparency are of particular concern for employees in the cannabis industry, in part because of the way that employment is structured in the industry. Cannabis businesses do not have access to federally insured banking, and therefore establish separate business entities, typically Limited Liability Companies (LLCs), to pay their employees. The employees may work for an LLC that might be different than the retail name or the name on the cannabis business license. It is possible for employees in the same store to be working for different LLCs, which can make it difficult to determine true employment relationships between a worker and a cannabis business. The legislation is therefore intended to give workers transparency about entities that are associated with the cannabis business.

Council Bill 120393

This legislation would require cannabis business employers to take certain actions to increase transparency and reduce job insecurity caused by changes in ownership. Covered employers are those who own, operate and/or control a cannabis business licensed under Seattle Municipal Code (SMC) Chapter 6.500. Covered employees include those who work at a covered cannabis business for at least 30 days prior to a change in ownership. Key protections for covered employees would include:

- Outgoing employer obligations
For businesses that undergo a change in ownership, outgoing employers must provide a preferential hiring list to the incoming employer and post a notice of the change in ownership at the jobsite.
- Incoming employer obligations
Incoming employers must hire from the preferential hiring list for 180 days and continue to post notice of the change in ownership. If an employee accepts a job offer, the employer must retain the employee for no less than 90 days and can only discharge the employee for just cause during this time period.
- Notice and Posting
Employers must provide a notice of rights afforded under the ordinance. Employers must also provide a written notice to employees of the names used by any associated integrated enterprises.
- Recordkeeping
Employers must maintain records that document compliance for a period of three years.
- OLS Enforcement and Outreach
The legislation provides authority to the Office of Labor Standards (OLS) to provide rulemaking, outreach and enforcement related to the new labor standard.

Policy Issues

CB 120393 is largely modeled after the [Hotel Employees Job Retention Ordinance](#) (HEJR), passed by Council in 2019, which contains similar job retention provisions for the hotel industry. Having similar provisions that address job insecurity in the event of a change in business ownership helps ensure expediency in implementation for OLS, and consistency across industries.

However, CB 120393 creates an obligation on employers in the cannabis industry that is not present in HEJR. To provide more transparency about the entities associated with a cannabis business, cannabis employers are required to update their Notice of Employment Information (NOEI) – a notice required under the [Wage Theft Ordinance](#) – with the names used by any associated integrated enterprises of the employer. While the bill as drafted recognizes the unique challenges present in the cannabis industry, the Committee may want to more closely

align with legislative precedent from the hotel industry to maintain consistency across industries.

Options:

- A. Strike the additional notice requirement to align with the Hotel Employees Job Retention Ordinance.
- B. Take no action.

Next Steps

CB 120393, as well as CB 120391 and CB 120392, will be discussed during a special meeting of the Finance and Housing Committee on August 11. Councilmembers who would like to prepare amendments should contact Central Staff no later than noon on August 12. The Committee will discuss and potentially vote on amendments and the bills during the regularly scheduled meeting on August 17.

cc: Esther Handy, Director
Aly Pennucci, Deputy Director
Asha Venkataraman, Lead Analyst



SEATTLE CITY COUNCIL
CENTRAL STAFF

Cannabis Equity

AMY GORE, LISE KAYE, JASMINE MARWAHA, LEGISLATIVE ANALYSTS

FINANCE & HOUSING COMMITTEE

AUGUST 11, 2022

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

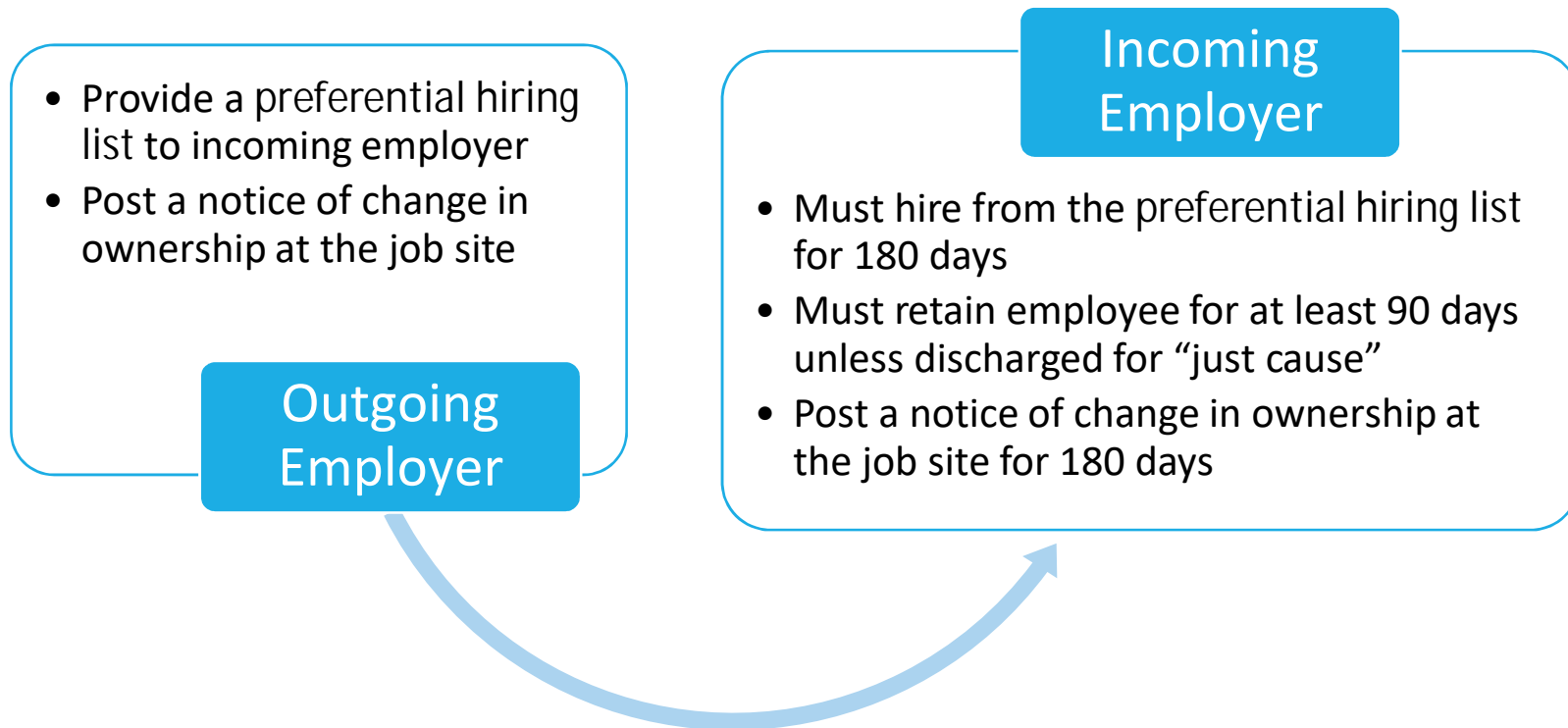
- Fee reductions for small businesses producing or transporting cannabis in Seattle (CM Herbold)

- 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?



Legislation Text

File #: Inf 2109, **Version:** 1

Economic and Revenue Forecast - August Update

Economic and Revenue Update

August 17, 2022

**Office of Economic and Revenue Forecasts
&
City Budget Office**

Presentation Outline

Part I: Current Conditions: Economic Update

Part II: Looking Forward: Revised Economic Forecasts

Part III: Bottomline: Revenue Forecast



Economic Update



Overall Economic Conditions Have Deteriorated Since the April Forecast

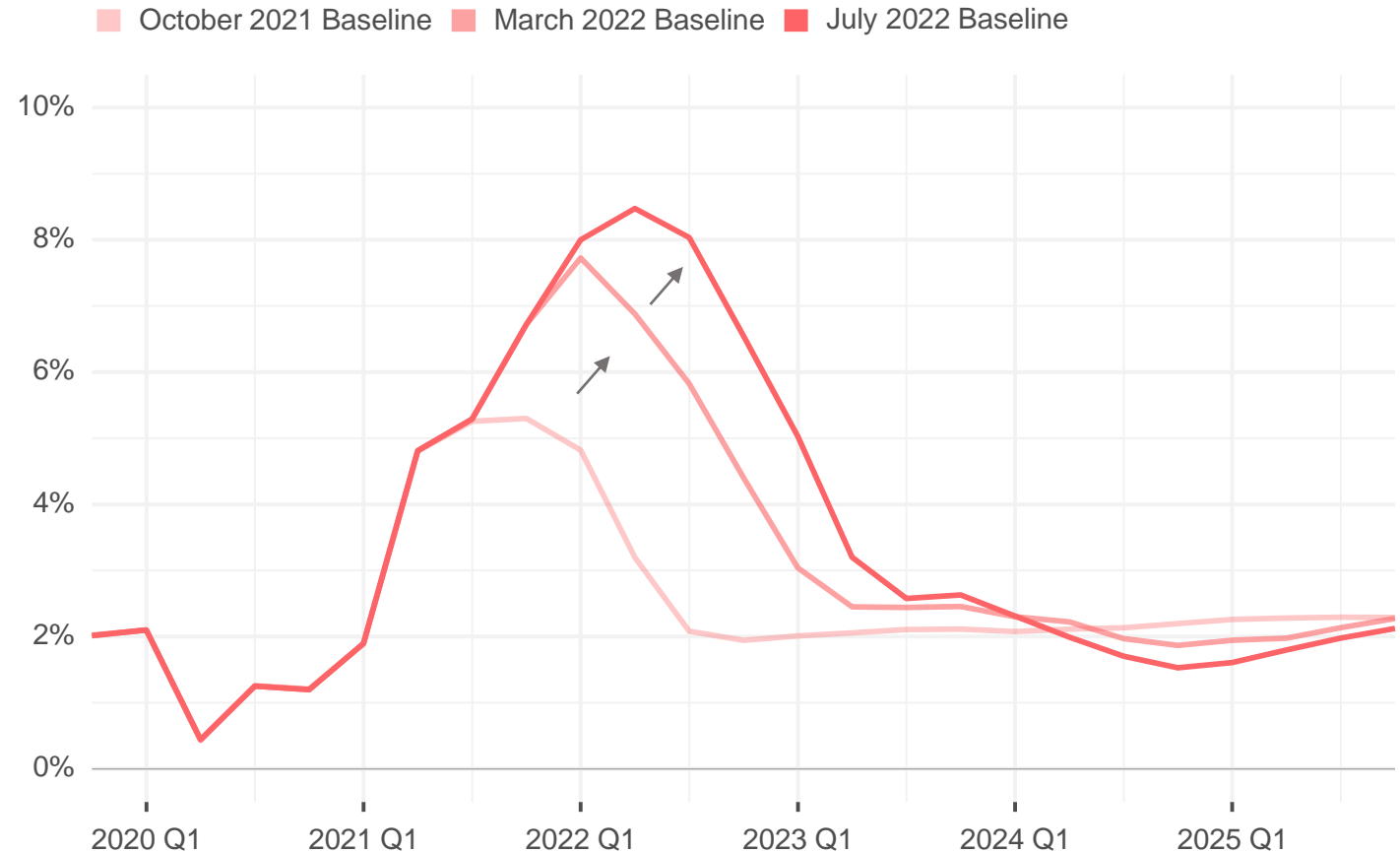
- Inflation and the efforts to contain inflation have become dominant factors in the economy.
- Recent data has revealed that U.S. Gross Domestic Product (GDP) decreased in the first half of the year, although overall employment growth remains strong.
- The Federal Reserve has responded to these mixed signals with an aggressive strategy to increase interest rates and reduce inflation.
- Now, the key question for the economy is whether these steps can reduce inflation without significant impacts to the currently strong labor market. If not, a recession could result.
- Although developed in early July before the latest Fed Rate increase and the GDP announcement, the national forecast upon which we base our work largely anticipated the most recent developments regarding interest rates and GDP.



Inflation Accelerated Quickly and Has Now Reached a 40-Year High

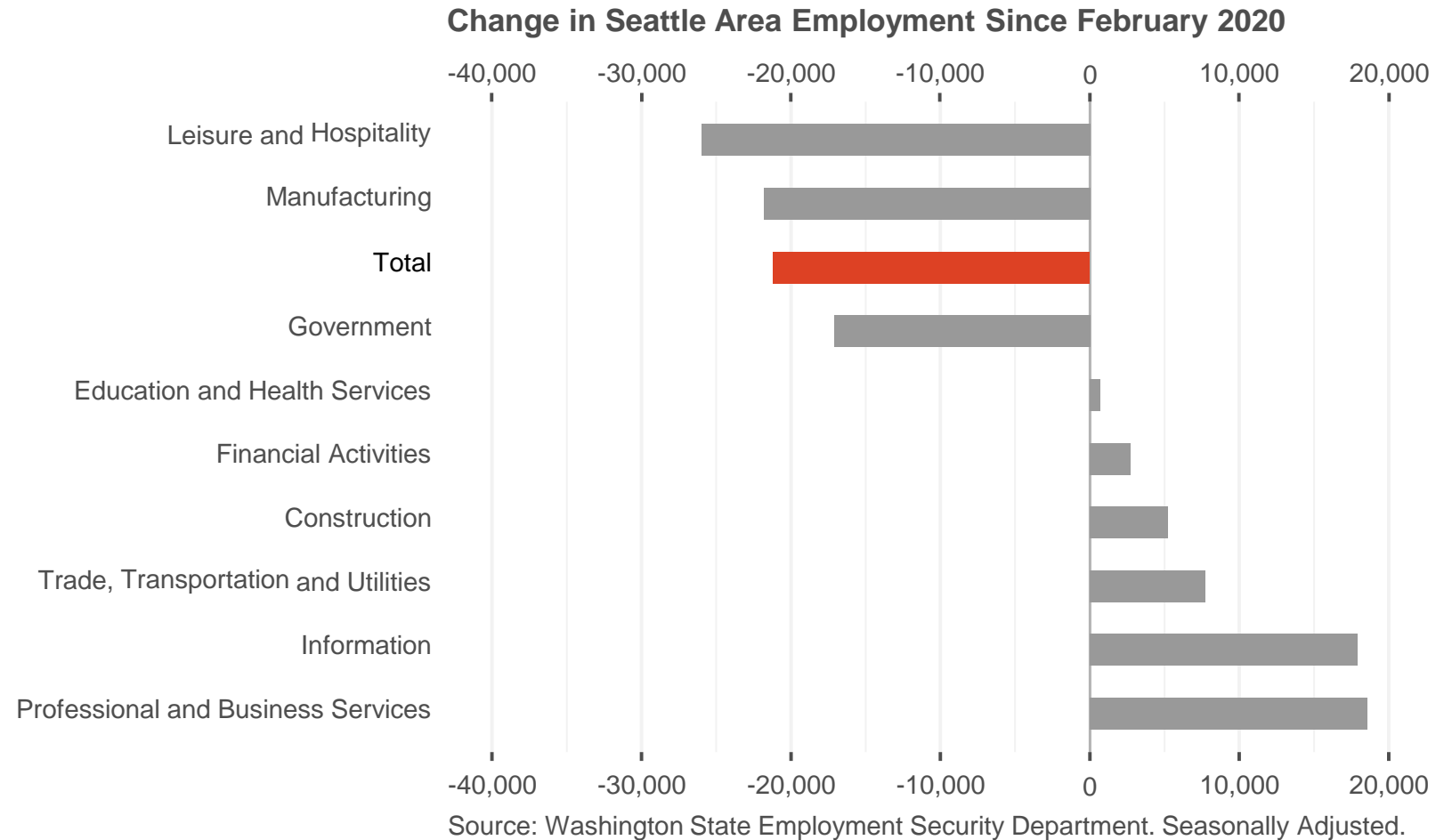
- Since last fall, inflation has nearly doubled, and forecasts now anticipate that relatively high rates will persist into next year.
- As of June, consumer prices at the national level had increased by 9.1% over the previous 12 months. The comparable figure for the Seattle Metropolitan Area is 10.1%.
- Responding to these inflationary pressures, the Fed raised the rate it charges to banks by 0.75% in July. This followed an increase of the same amount in June. Increases of this magnitude and speed have not been seen since the early 1980's. And further increases are still anticipated.
- The long-term forecast, which shows inflation moderating price by mid-2023, is consistent with the Fed's strong commitment to controlling inflation.

IHS Markit U.S. CPI-U Inflation Forecast



Overall Employment Recovery Strong, But Still Slow in Some Sectors

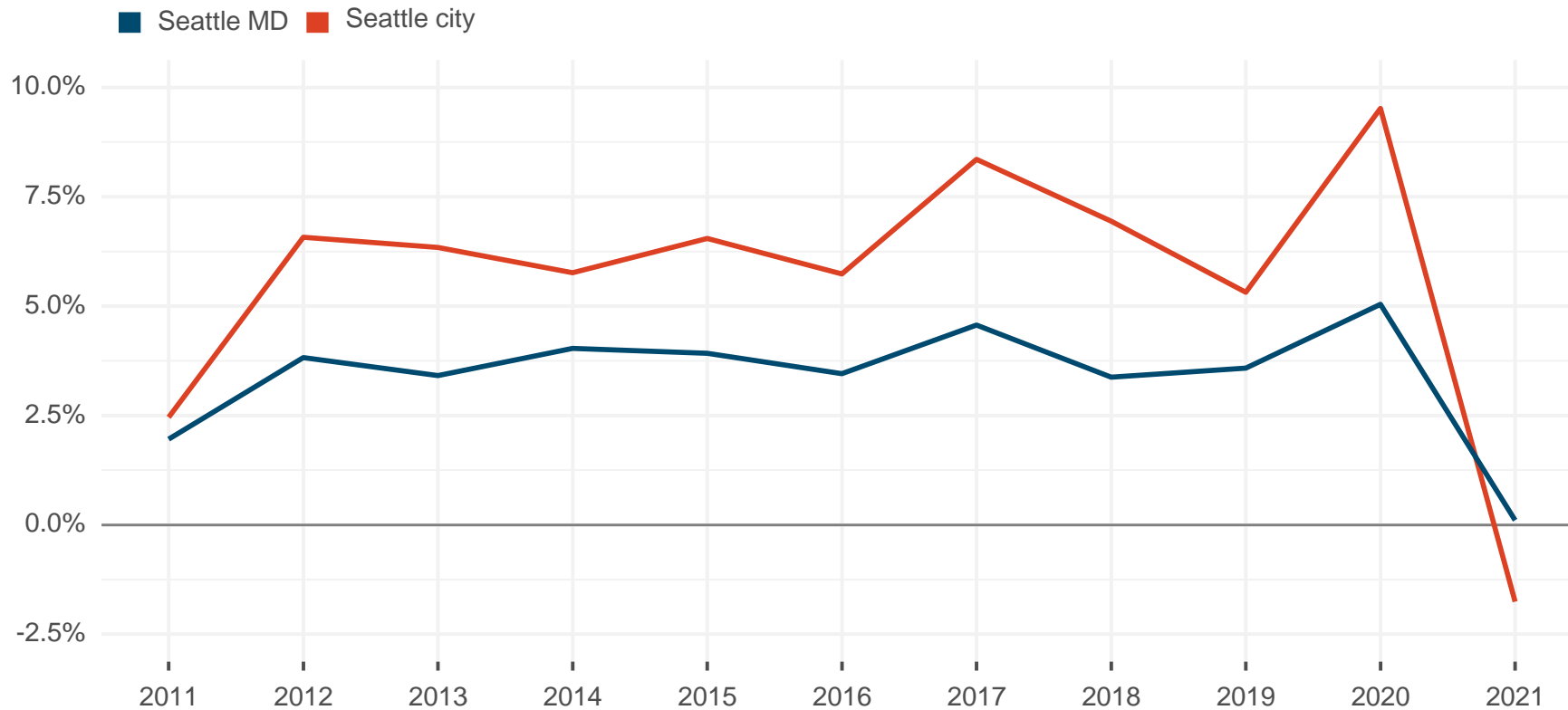
- While inflation has accelerated and GDP has declined over the first half of this year, employment growth remains strong.
- Locally, strong job growth over the past two years has driven total employment to within 1.2% of the levels seen in earlier 2020.
- Nonetheless, the Leisure and Hospitality sector has been slow to recover. Looking forward, the strength of the current summer tourist season should help with continued recovery in this sector.
- By contrast, robust employment growth in the Trade, Information and Professional Services sectors has been a driving force in the region's overall economic recovery.



Job Growth in Technology May be Shifting Away from Seattle

Employment growth for trade, information, professional and business services

March 2011 to March 2021



Source: Puget Sound Regional Council, covered employment in month of March

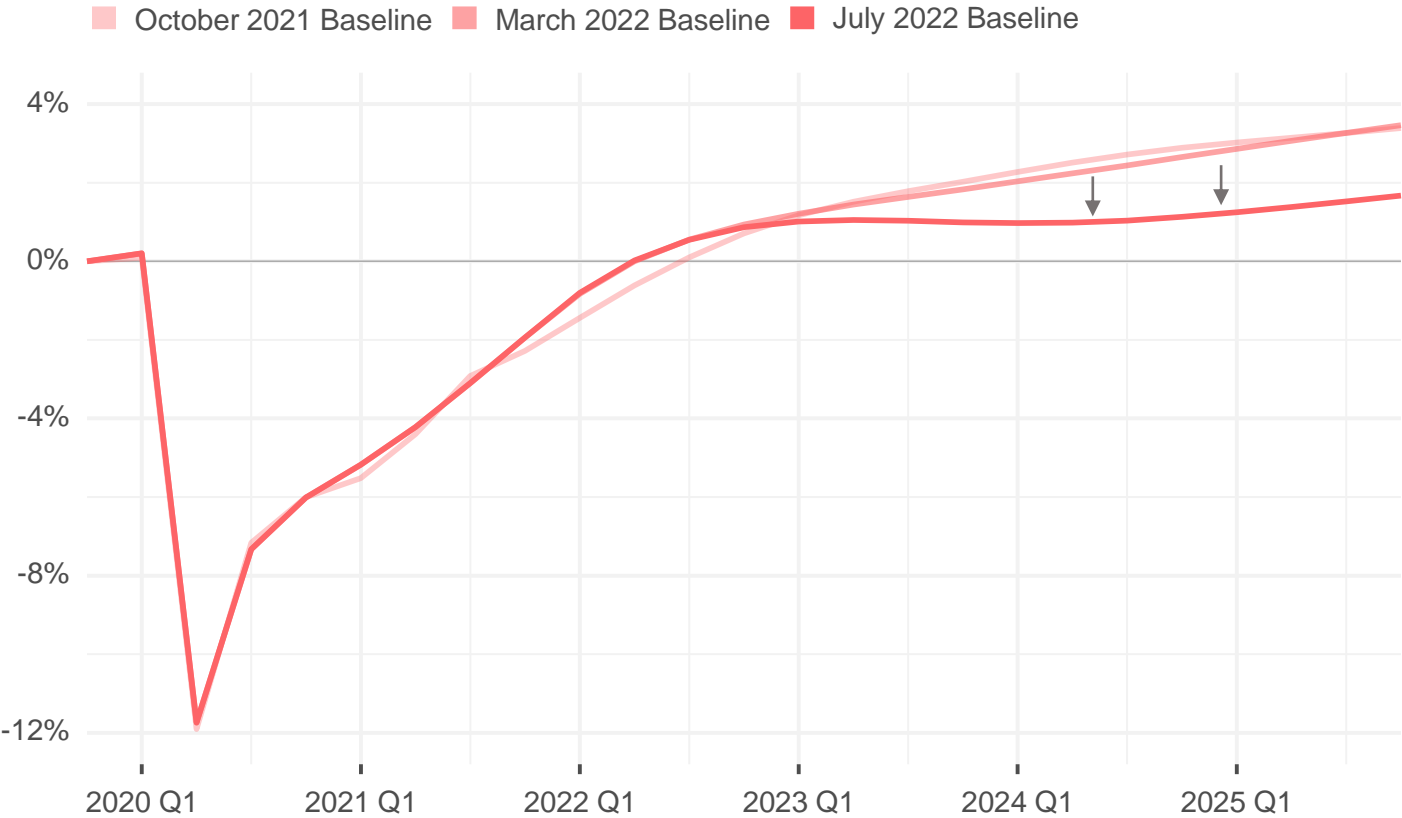
National and Regional Economic Forecasts



Inflation and Fed Response Has Cooled The Overall Economic Outlook

IHS Markit U.S. Employment Forecast

Change from 2019 Q4



- The graph to the left focuses on changes in employment to capture the general trend of the national economy. Other high-level measures of economic activity would show a comparable pattern.
- Between Fall and Spring, there was only a small change in overall economic projections.
- By contrast, the national forecasts produced in July anticipate an extended period of relatively slow growth in employment, and for the overall economy.

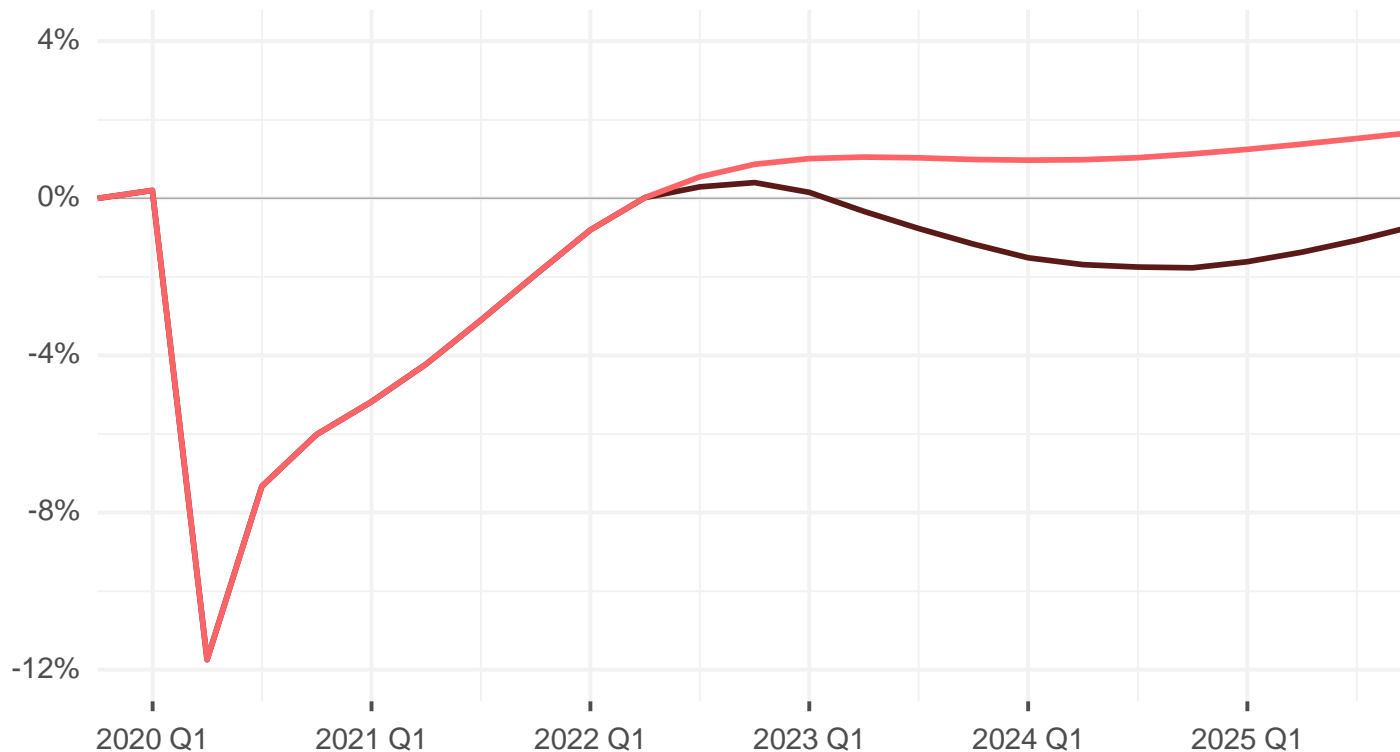


The Revised National Forecast Also Includes Increased Risk of a Recession

IHS Markit U.S. Employment Forecast

Change from 2019 Q4

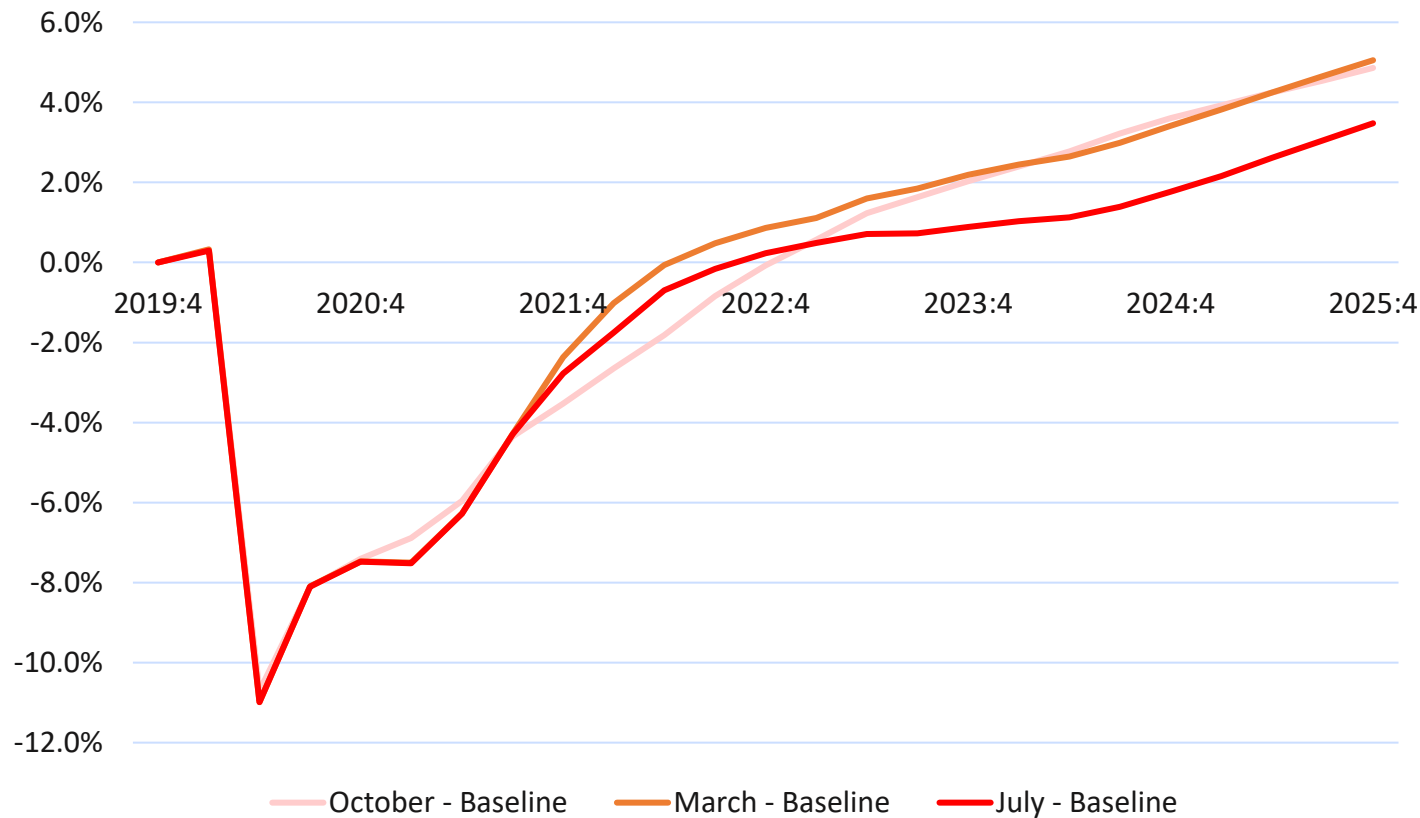
■ July 2022 Baseline ■ July 2022 Pessimistic



- Focusing again on employment as a measure of the overall economy, this graph compares the Baseline and Pessimistic forecast for the national economy.
- The baseline forecast shown here anticipated recent Fed actions and the second quarter GDP decline. Looking forward, the baseline forecast projects a return to GDP growth in the third quarter of this year.
- But the updated pessimistic scenario is consistent with a true recession and would be associated with job losses over the next 2 years. Being notably shallower and shorter, this recession would resemble the 2001 recession more than the Great Recession or the COVID-19 recession.
- The probability assigned to this pessimistic scenario now stands at 45%, compared to 35% in the spring. The probability of the baseline forecast remains at 50%. (And the optimistic scenario at just 5%.)

The Shift in Economic Outlook is Also Seen in the Regional Forecast

**Comparing Regional Employment Forecasts
Change in Employment Since 2019 Q4**



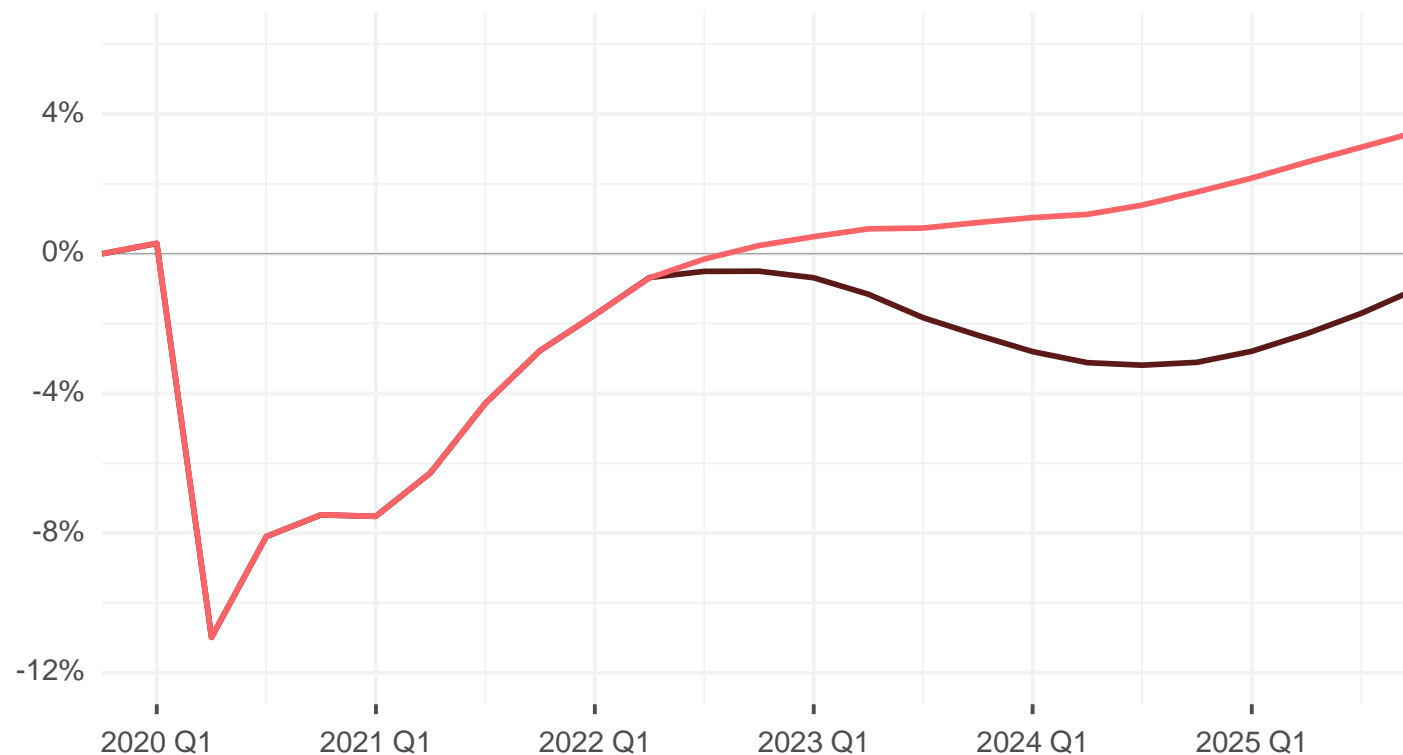
- Focusing again on employment, we can see that the current regional forecast anticipates notably slower job growth than projected in April. And the pattern seen here is also reflected in other measures of regional economic activity.
- Both the general economic uncertainty created by increasing inflation and the Fed's direct steps to control escalating prices are expected to slow the overall level of real economic growth within the region.
- Recent announcements regarding near-term hiring slowdowns at major technology firms are consistent with this expectation.

Pessimistic Forecast Reflects Deeper Decline than Comparable April Projections

Employment Forecast for Seattle MD (King and Snohomish Counties)

Change from 2019 Q4

■ July 2022 Baseline ■ July 2022 Pessimistic



- The revised pessimistic scenario for the regional economy projects a local downturn that would result in significant job losses over the next two years.
- While job growth under the new pessimistic scenario would return in the middle of 2024, the recovery would be slow and current employment levels would not be restored until early 2026.

Economic Scenario Recommendation

- The economy is currently at a delicate balance. Inflation has proven more persistent than initially expected and it is unclear whether prices can be stabilized while the job market remains strong. The increased probability assigned to the pessimistic scenario forecast reflects this uncertainty.
- The Federal Reserve has made reducing inflation its prime policy target and is ready to prioritize controlling long-term price escalation over the potential short-term negative impacts on employment and economic growth.
- That said, the current baseline forecast is consistent with recent economic developments. Prepared before the GDP announcement and Federal Reserve rate increases, the current baseline forecast predicted a second quarter annualized GDP decline of 1.3%. The actual annualized decline was “just” 0.9%. The baseline forecast also correctly anticipated July’s 0.75% increase in the Federal Fund’s rate, and the baseline projection also anticipates further increases going forward.
- The 500,000+ jobs added to the national economy in July demonstrates the continued strength of the labor market. And the just-released inflation data for July shows what may be the first evidence of slowing price escalation.
- The Forecast Office recommended using the baseline economic scenario for the August Forecast, and the Forecast Council concurred with this recommendation at their August 8th meeting. The Forecast Office will continue to closely monitor economic developments and will not wait until the November forecast to raise issues, if conditions should warrant.

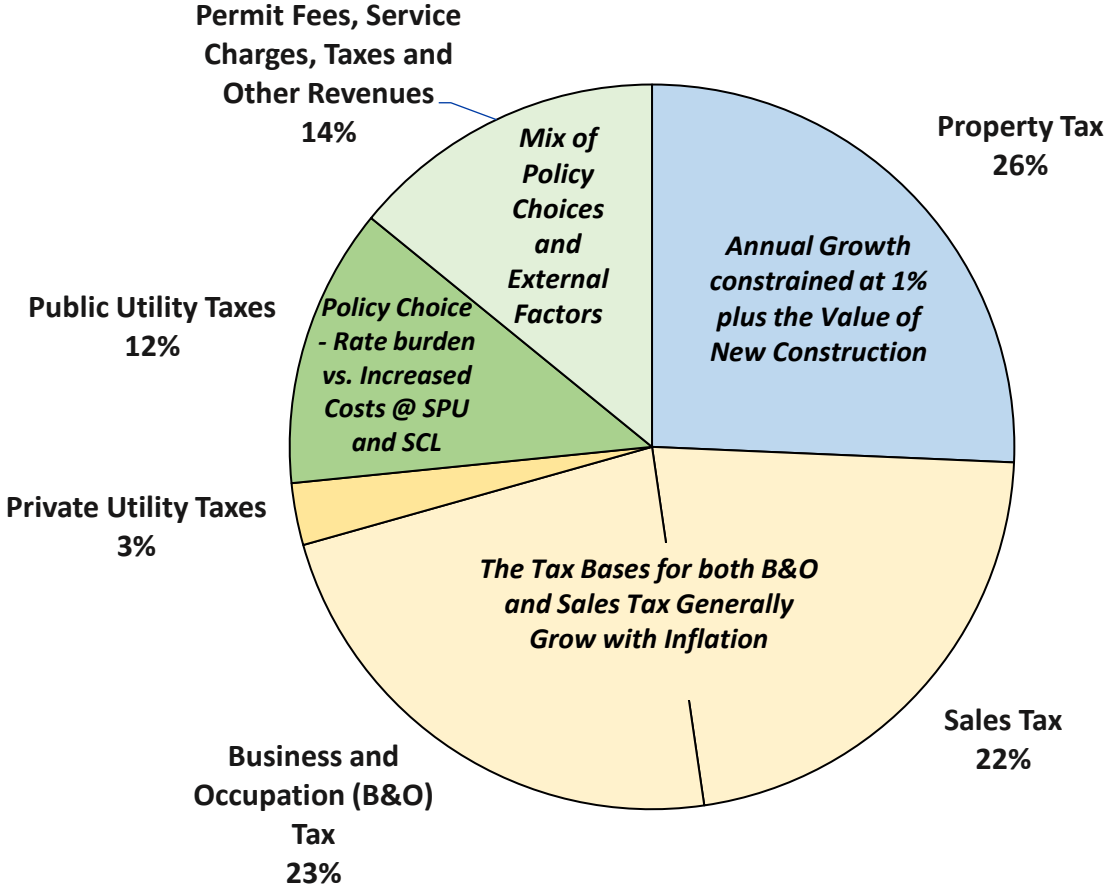
Revenue Update



A High-Inflation Environment Creates Structural Challenges for City Revenues

- Setting aside whether fighting inflation will slow economic growth, the direct impacts of inflation will systematically weaken the purchasing power of General Fund revenues.
- While one might assume that City revenues will generally grow as the prices of goods and services increase, that is not true for all the City’s revenue streams.
- Property tax revenues are statutorily constrained to grow at just 1% plus the value of new construction. They represent 25%+ of total General Fund revenues.
- Furthermore, policy choices about public utility rates and the fees charged for City services could also constrain overall revenue growth.
- And at the same time, inflation will be driving up the costs of all the goods and services the City purchases.

General Fund Revenue and the Impacts of Inflation



Summary of Revised General Fund Forecast for 2022

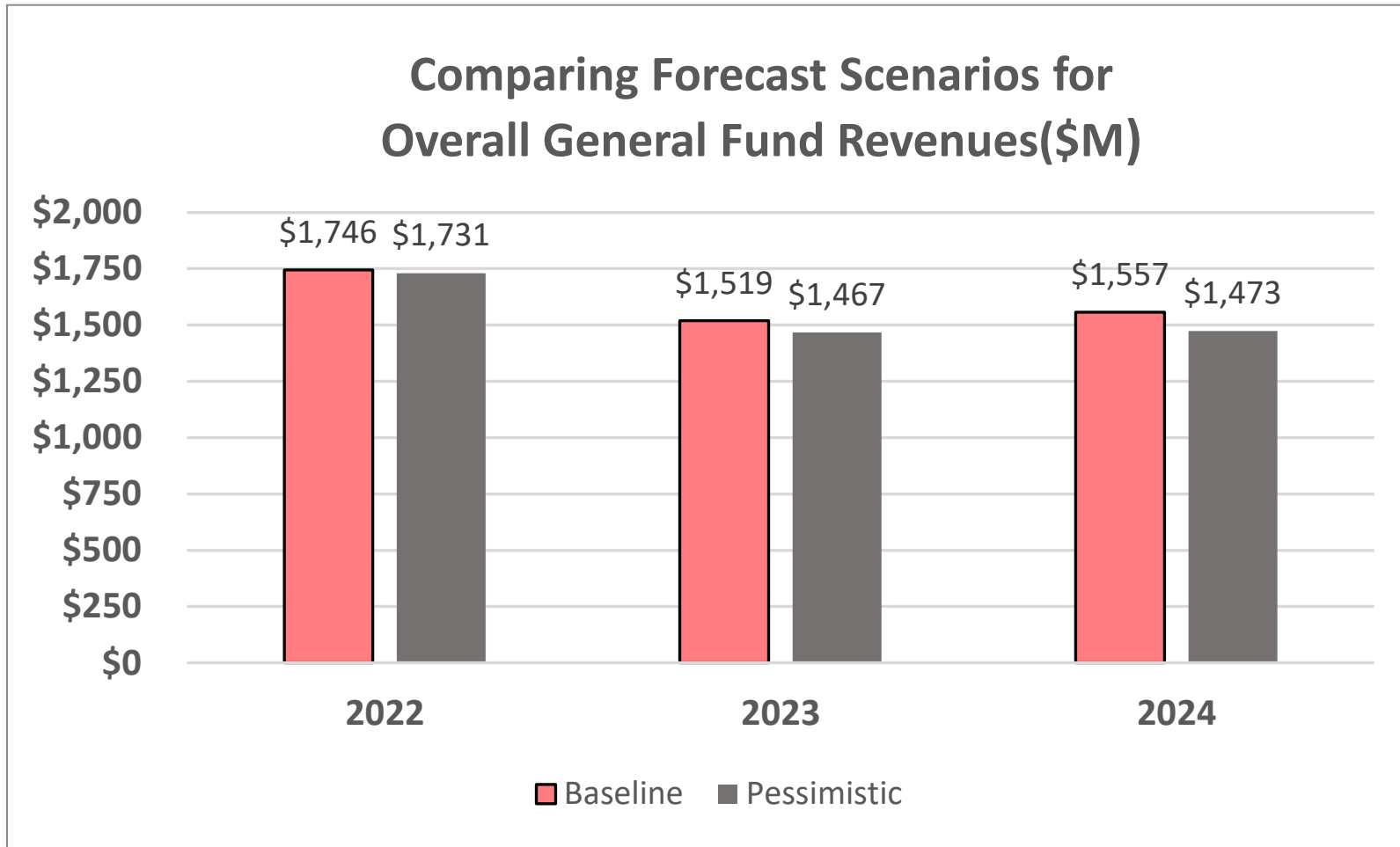
Revenue Source	2021 Actuals	2022 - Adopted Budget	2022 - April Forecast	2022 - August Forecast	Diff: August vs. April
Property Tax (Including Medic One Levy)	\$363,690	\$373,770	\$371,600	\$371,630	\$30
Retail Sales Tax	\$299,410	\$303,930	\$318,470	\$326,080	\$7,610
Business & Occupation Tax	\$315,390	\$317,430	\$331,860	\$326,900	(\$4,960)
Utility Tax - Private	\$44,720	\$38,960	\$40,040	\$41,660	\$1,620
Utility Tax - Public	\$169,610	\$178,100	\$180,530	\$179,480	(\$1,050)
Other City Taxes	\$16,880	\$23,380	\$21,230	\$19,240	(\$1,990)
Parking Meters	\$16,510	\$25,600	\$22,330	\$23,850	\$1,520
Court Fines	\$18,610	\$16,090	\$18,430	\$12,810	(\$5,620)
Revenue from Other Public Entities	\$20,880	\$15,550	\$17,050	\$18,360	\$1,310
Grants	\$69,420	\$12,840	\$13,490	\$53,460	\$39,970
Fund Balance Transfers	\$44,680	\$159,590	\$159,590	\$155,230	(\$4,360)
Service Charges & Reimbursements	\$42,840	\$109,810	\$103,350	\$101,630	(\$1,720)
Licenses, Permits, Interest Income and Other	\$72,130	\$70,830	\$73,420	\$73,380	(\$40)
Carry-forward Grants and Legislated Change excluded from April F'cast		\$0	\$40,700	NA	---
Payroll Tax - Late 2021 Payments	N/A	N/A	N/A	\$41,900	\$41,900
Total	\$1,494,770	\$1,645,880	\$1,712,090	\$1,745,610	\$33,520
Annual Growth		10.1%	14.54%	16.8%	



Summary of Revised General Fund Forecasts for 2023 & 2024

Revenue Source	2022 - August Forecast	2023 - April Forecast	2023 - August Forecast	Diff: August vs. April	2024 - April Forecast	2024 - August Forecast	Diff: August vs. April
Property Tax (Including Medic One Levy)	\$371,630	\$382,130	\$381,800	(\$330)	\$387,010	\$388,750	\$1,740
Retail Sales Tax	\$326,080	\$331,740	\$337,480	\$5,740	\$349,720	\$346,230	(\$3,490)
Business & Occupation Tax	\$326,900	\$348,980	\$339,800	(\$9,180)	\$366,980	\$354,110	(\$12,870)
Utility Tax - Private	\$41,660	\$36,050	\$40,750	\$4,700	\$34,110	\$38,050	\$3,940
Utility Tax - Public	\$179,480	\$186,720	\$186,180	(\$540)	\$191,140	\$191,890	\$750
Other City Taxes	\$19,240	\$21,660	\$20,570	(\$1,090)	\$22,640	\$21,530	(\$1,110)
Parking Meters	\$23,850	\$29,460	\$34,630	\$5,170	\$37,220	\$42,120	\$4,900
Court Fines	\$12,810	\$24,080	\$19,760	(\$4,320)	\$28,630	\$24,340	(\$4,290)
Revenue from Other Public Entities	\$18,360	\$18,070	\$18,270	\$200	\$18,210	\$18,540	\$330
Grants	\$53,460	\$28,520	\$22,340	(\$6,180)	\$10,440	\$10,520	\$80
Fund Balance Transfers	\$155,230	\$0	\$2,500	\$2,500	\$0	\$2,500	\$2,500
Service Charges & Reimbursements	\$101,630	\$40,970	\$41,030	\$60	\$43,000	\$42,630	(\$370)
Licenses, Permits, Interest Income & Other	\$73,380	\$77,340	\$74,010	(\$3,330)	\$79,410	\$76,100	(\$3,310)
Payroll Tax - Late 2021 Payments	\$41,900	N/A	N/A	N/A	N/A	N/A	N/A
Total	\$1,745,610	\$1,525,720	\$1,519,120	(\$6,600)	\$1,568,510	\$1,557,310	(\$11,200)
Annual Growth		(10.9%)	(13.0%)		2.8%	2.5%	

Comparing General Fund Totals - Baseline vs. Pessimistic



- The cumulative difference between the Baseline and Pessimistic scenarios over this year and the following biennium (2022,2023, and 2024) is ~\$150 million.

Summary of Selected General Government Revenues for 2022

Revenue Source	2021 Actuals	2022 - Adopted Budget	2022 - April Forecast	2022 - August Forecast	Diff: August vs. April
General Government Revenues:					
Payroll Tax	\$248,100	\$296,250	\$277,490	\$279,640	\$2,150
Admission Tax	\$9,450	\$21,400	\$20,050	\$20,350	\$300
Sweetened Beverage Tax	\$21,240	\$22,860	\$22,190	\$21,770	(\$420)
Short-Term Rental Tax	\$6,050	\$8,370	\$7,920	\$9,050	\$1,130
REET	\$112,180	\$87,810	\$99,720	\$106,600	\$6,880
Transportation-Specific Revenues:					
Trans. Ben. Dist. - Sales & Use Tax	\$37,330	\$49,420	\$49,200	\$51,030	\$1,830
Trans. Ben. Dist. - Vehicle License Fee	\$13,350	\$15,690	\$15,480	\$15,480	\$0
Commercial Parking Tax	\$28,550	\$50,340	\$38,440	\$37,870	(\$570)
SSTPI - Parking Infraction Penalties	\$8,080	\$14,990	\$13,410	\$12,720	(\$690)



Summary of Select General Government Revenue Forecasts for 2023 & 2024

Revenue Source	2022 - August Forecast	2023 - April Forecast	2023 - August Forecast	Diff: August vs. April	2024 - April Forecast	2024 - August Forecast	Diff: August vs. April
General Government Revenues:							
Payroll Tax	\$279,640	\$296,250	\$294,120	(\$2,130)	\$311,970	\$311,470	(\$500)
Admission Tax	\$20,350	\$21,400	\$21,430	\$30	\$22,040	\$22,150	\$110
Sweetened Beverage Tax	\$21,770	\$22,860	\$21,980	(\$880)	\$23,310	\$22,530	(\$780)
Short-Term Rental Tax	\$9,050	\$8,370	\$9,310	\$940	\$8,750	\$9,950	\$1,200
REET	\$106,600	\$87,810	\$94,760	\$6,950	\$82,550	\$94,660	\$12,110
Transportation-Specific Revenues:							
Trans. Ben. Dist. - Sales & Use Tax	\$51,030	\$49,420	\$52,910	\$3,490	\$50,310	\$54,350	\$4,040
Trans. Ben. Dist. - Vehicle License Fee	\$15,480	\$15,690	\$15,690	\$0	\$15,910	\$15,910	\$0
Commercial Parking Tax	\$37,870	\$50,340	\$46,110	(\$4,230)	\$52,620	\$49,130	(\$3,490)
SSTPI - Parking Infraction Penalties	\$12,720	\$14,990	\$14,840	(\$150)	\$14,120	\$14,060	(\$60)



Payroll Expense Tax – What We Know So Far

Who Pays the Tax

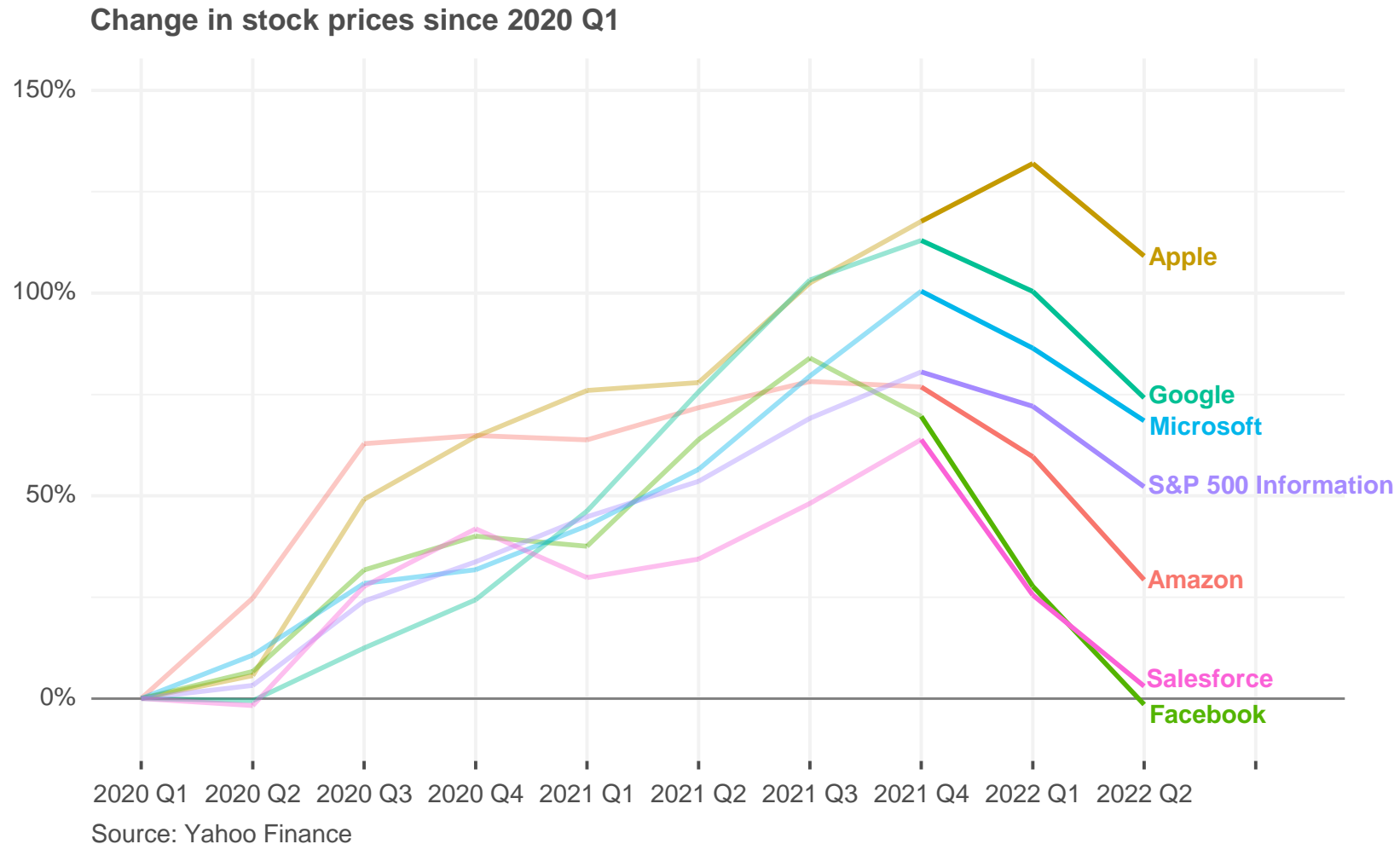
- Trade, Information and Professional & Business Services account for more than 88% of the tax receipts for 2021 obligations. This means that revenues are heavily dependent on just three sectors, rather than a diversified tax base.
- For 2021, the tax applied progressively to compensation above \$150,000 paid to employees at businesses with gross receipts of more than \$7 million. In 2022, the comparable figures are \$158,000 and \$7.4 million. The thresholds will increase by 10.1% for next year.
- The measure of the tax is the payroll awarded to employees who work in the City, whether that be from home, or at a Seattle location. Thus, a robust return-to-office would increase the total tax base and we had generally anticipated a faster return.

Payments to Date

- Total taxes paid for 2021 are now expected to reach \$290 million. More than \$40 million in delayed 2021 payments have been collected since February of this year.
- For 2021, payments were made one-time, at year end. For 2022, estimated quarterly payments are now required.
- Year-to-date quarterly payments show a pattern of lower estimated tax obligations for many employers. Based on these preliminary second quarter results, some of the larger taxpayers from last year are not on pace to reach their 2021 totals.
- Current payment rates extrapolate to approximately \$260 million in annual revenue, which is below the April 2022 forecast of \$277 million. At the same, historical patterns in payroll data from ESD indicate that more than 50% of total compensation is paid in the second half of the year. Thus, there is good reason to expect that the final total will exceed the a simple “straight-line” extrapolation of current receipts. The final 2022 forecast of just under \$280 million reflects that expectation.
- Looking forward to 2023 and beyond, we are forecasting somewhat slower growth in the coming years anticipating that less of the overall regional job growth in the technology and related sector will be concentrated specifically in the city.

Potential Explanations for Lower Payroll Expense Tax 2022 Payments

- A significant share of compensation at many technology firms comes as stock grants. The Payroll Expense Tax is thus likely to be much more volatile than sale tax or B&O tax.
- Tech stock prices have declined significantly in 2022, after a strong performance in 2021.
- In addition, firms choose one of two methodologies in determining tax obligations: (i) where workers are “primarily assigned”; or (ii) the share of hours worked in Seattle.
- More firms are using the hours worked approach this year, which may reflect expectation that work from home will continue.



Questions?



Legislation Text

File #: Inf 2112, **Version:** 1

General Fund Financial Plan Update



Legislation Text

File #: Inf 2111, **Version:** 1

Quarterly Seattle Rescue Plan Spending Update

Seattle Rescue Plan:

Quarterly Update on Seattle's ARPA Spending

Julie Dingley, Director, City Budget Office

William Chen, Fiscal and Policy Manager, Innovation & Performance

August 17, 2022



City of Seattle 176

Overview

Key Takeaways

Lay of the Federal Funding Land

FEMA Update

Bipartisan Infrastructure Law (BIL) Update

SRP/CLFR Implementation Update

Introducing the SRP Transparency Portal

Seattle Rescue Plan Summary

Program Highlights

Key Takeaways

- **First cycle of performance evaluation completed** with the submittal and publication of the 2022 Recovery Plan Performance Report.
 - **Launched a new public portal** where people can see the City's progress in spending and highlights from the Seattle Rescue Plan.
 - **Implementing Seattle Rescue Plan programs continues** and we will continue to gather data and stories about what these funds have done for the city and its people.
- **Highlighted Programs:**
 - Cash Assistance
 - Housing Affordability
 - Homelessness
 - Childcare
 - Library Hours
 - Economic Recovery
 - Outdoor Recreation
 - Unified Aid Portal

Lay of the Federal Funding Land

American Rescue Plan Act (ARPA):

- \$300m in direct funding for Seattle; allocated via “**Seattle Rescue Plan**” packages

Additional resources currently in play:

- **ARPA:** HSD issued a memo in response to SLI HSD-026-A-001, which summarizes the funding sources and funding amounts for different food programs.
- **FEMA:** reimbursement activity is ongoing

Additional resources to come:

- **Bipartisan Infrastructure Law (BIL)/Infrastructure Investment and Jobs Act (IIJA):**
 - Federal granting agencies will be finalizing rules and announcing deadlines throughout the rest of the year.
 - City departments are watching for more info to be released and applying/preparing to apply.
- **Inflation Reduction Act:** more to come down the road

FEMA Public Assistance Update

- \$15.8m of reimbursements received or approved by FEMA; \$17.5m in process
- FEMA reimbursements are all already factored into revenue projections/balancing
- +\$6.3m FEMA eligible expenses identified since April (not adjusted)

	# of Projects (August 2022)	Unadjusted Amount (April 2022)	Unadjusted Amount (August 2022)	Forecasted Amount (August 2022)
Project Worksheets pending submission from Depts	5	\$2,647,803	\$5,449,957	\$3,542,472
PWs currently in review with OEM	3	\$6,139,587	\$4,111,719	\$2,878,203
PWs currently in State/FEMA Desk Review	4	\$1,778,263	\$6,180,831	\$4,635,623
PWs in review by FEMA Consolidated Resources Center	2	\$4,241,315	\$1,712,700	\$1,541,430
PWs Approved by FEMA	5	\$6,241,958	\$1,885,015	\$1,885,015
FEMA Reimbursement Received	19	\$5,490,557	\$12,641,565	\$12,641,565
<i>FEMA Reimbursement Held for Close-Out</i>		\$538,859	\$1,348,357	\$1,348,357
Total	38	\$27,051,342	\$33,330,144	\$28,472,666

Bipartisan Infrastructure Law (BIL) Update

Establishing a planning/coordinating structure and working on the process.

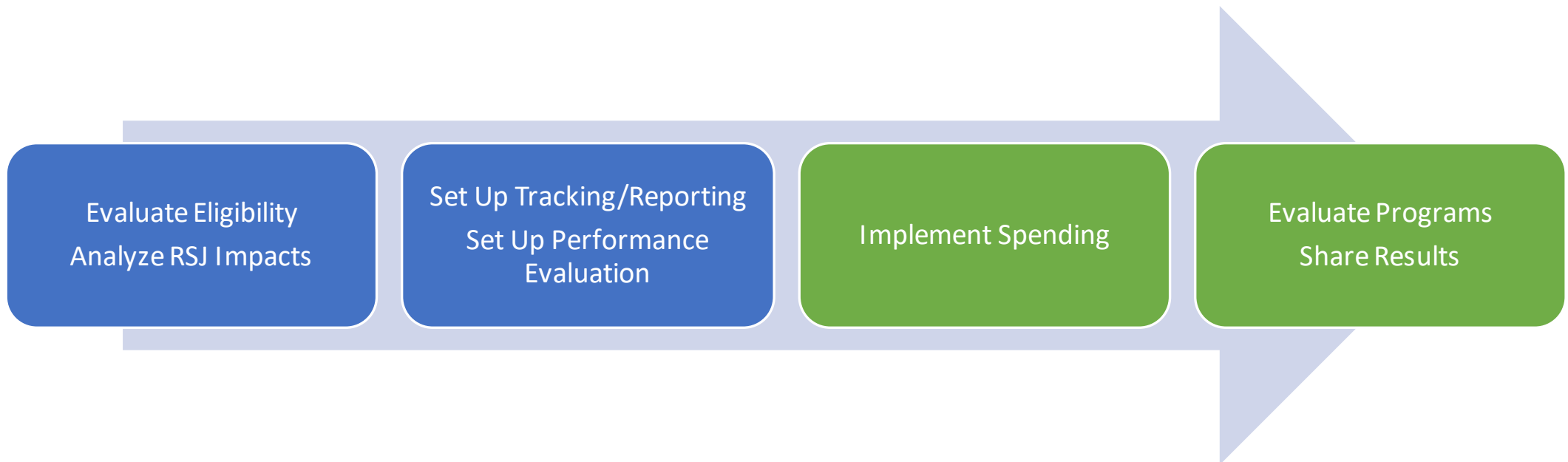
Departments have analyzed the bill for opportunities, are watching for more info and rules to be released, and are applying/preparing to apply as deadlines come up.

Any grants the City receives will be accepted through normal grant acceptance legislation.

Seattle Rescue Plan Implementation Update: Process

First cycle of performance reporting to the U.S. Treasury completed.

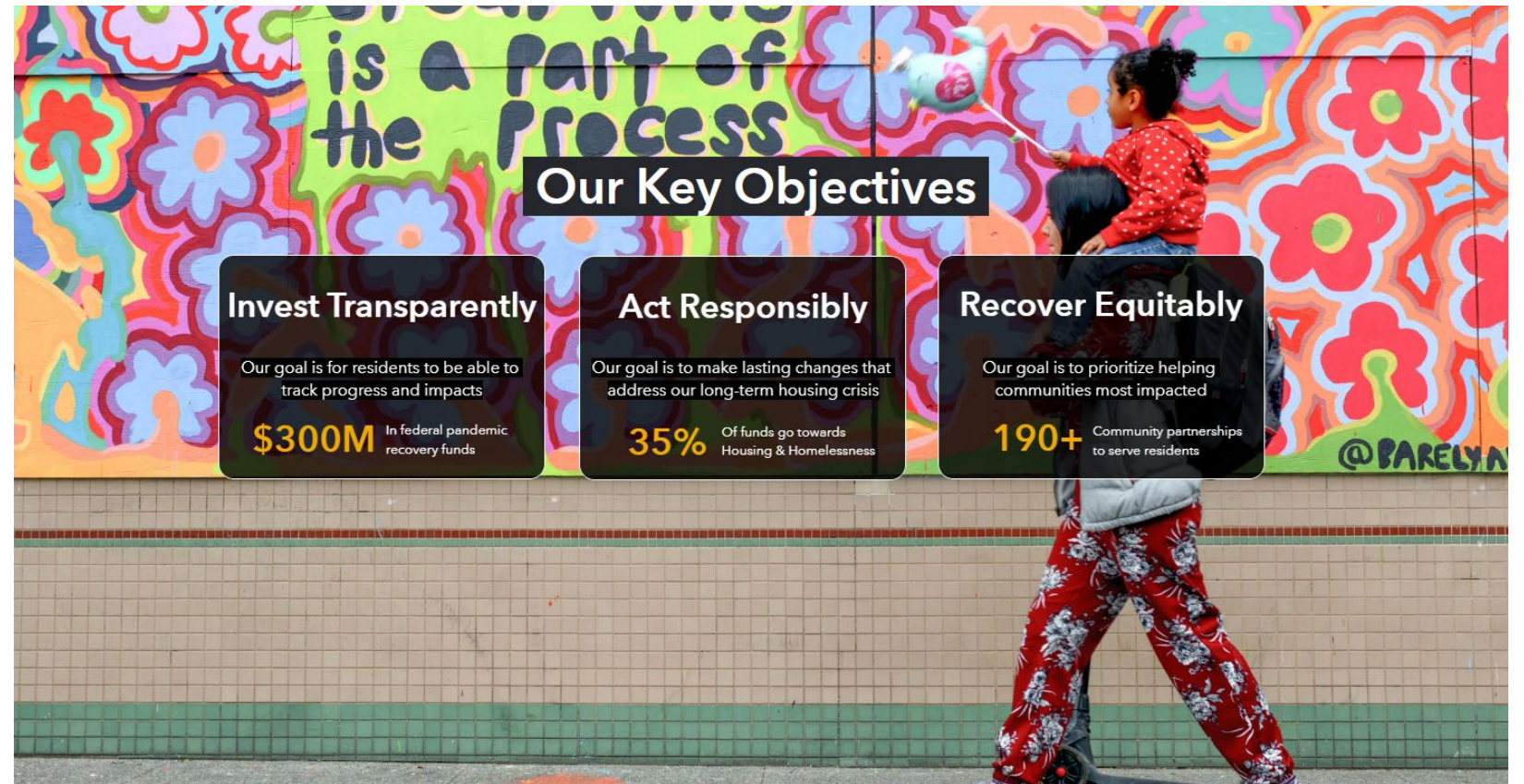
Will continue to implement spending, set up performance evaluation on CLFR programs that were not ready to be included in this year's report, and evaluate and share the results.



Introducing the SRP Transparency Portal

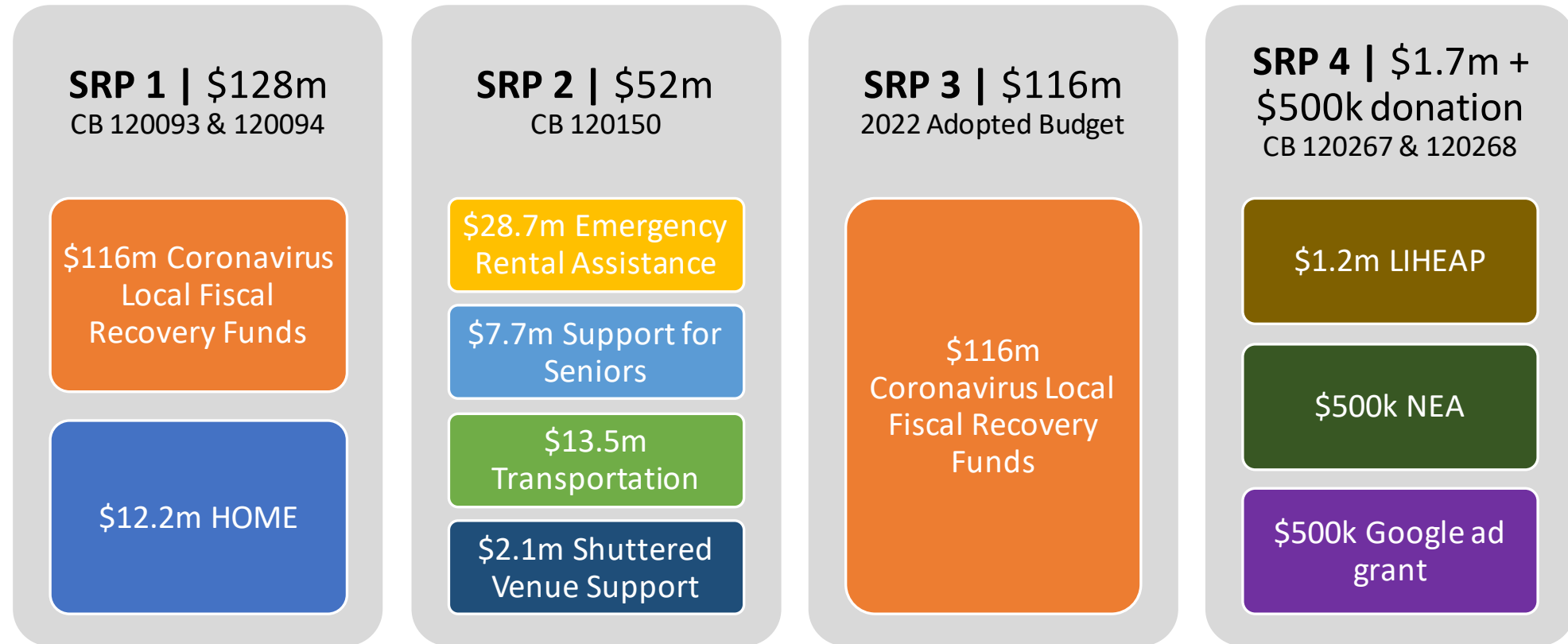
A layperson -friendly website where you can see the City's progress in spending and highlights from the Seattle Rescue Plan.

[Link to Portal](#)



Seattle Rescue Plan (SRP) Summary

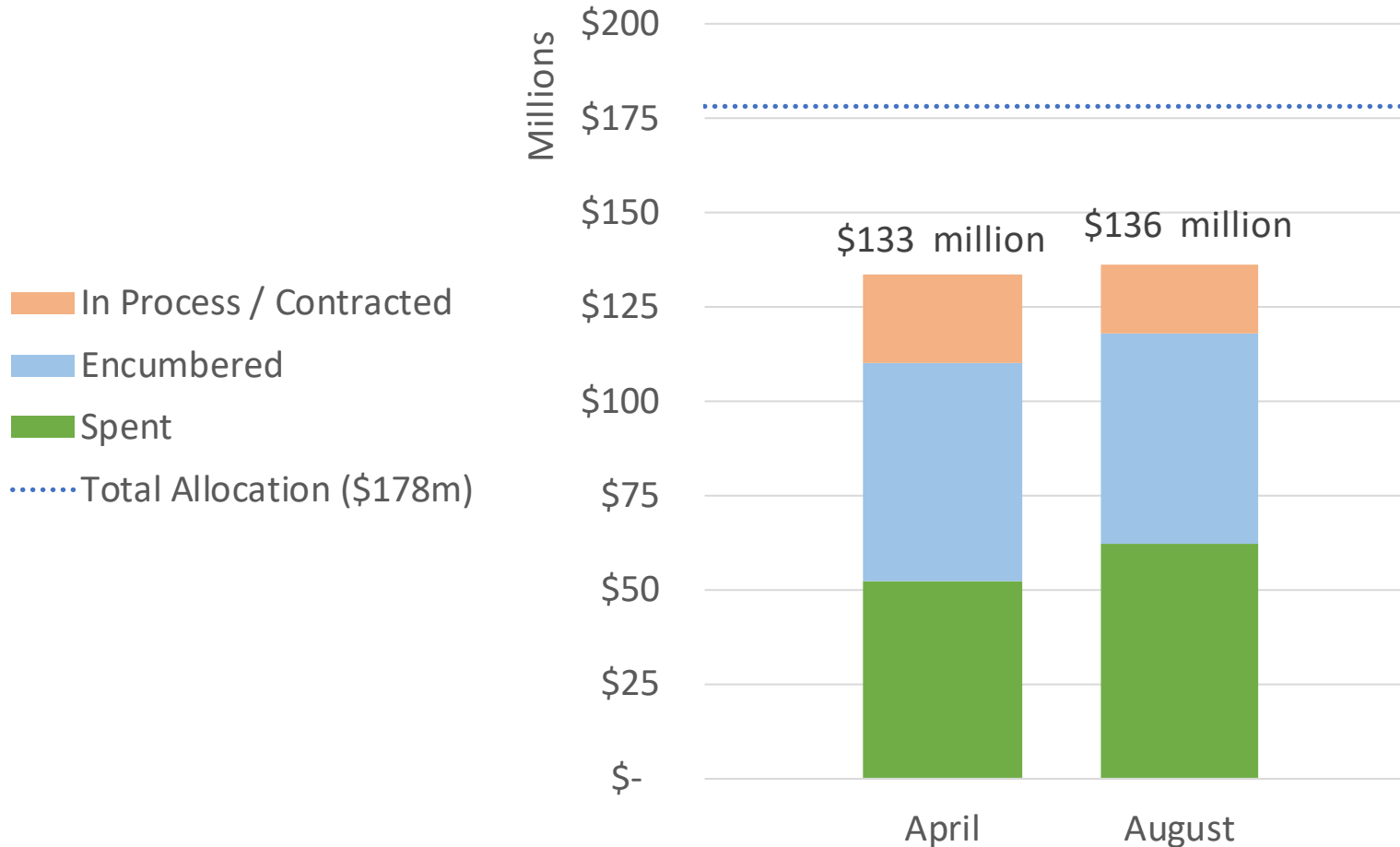
Seattle has received nearly \$300M of the \$1.9T total from the American Rescue Plan Act (ARPA), including \$232M in local direct aid (flexible funding from the Coronavirus Local Fiscal Recovery [CLFR] funds) and other targeted aid under the umbrella of the “Seattle Rescue Plan.”



All-SRP Appropriation Summary

	SRP1	SRP 2	SRP3	SRP4	Total
Grand Total	\$123,410,000	\$52,150,000	\$121,060,000	\$1,710,000	\$298,430,000
Housing & Homelessness	\$44,820,000	\$28,730,000	\$28,310,000	\$1,210,000	\$103,080,000
Community Well-being & Reopening Services	\$45,990,000	\$7,750,000	\$15,140,000		\$68,880,000
Community & Small Business Recovery	\$24,130,000	\$15,670,000	\$10,350,000	\$500,000	\$50,640,000
Community Safety & Mental Health	\$1,200,000		\$7,030,000		\$8,230,000
Supporting City Workers & Services	\$7,280,000		\$60,330,000		\$67,600,000

SRP1+SRP3 Progress Since April Update



- \$2.7 million in net new activity this quarter (spending, encumbrance, in process)
- \$5.2 million of in process contracts now encumbered or spent
- **\$9.7 million more spending recorded**

SRP1 Spending Update

	Allocated	In Process / Contracted	Encumbered	Spent	Total Spent/ Encumbered/ In Process	% Progress
Grand Total	\$123,410,000	\$972,397	\$29,597,172	\$57,755,087	\$88,324,657	72%
Housing & Homelessness	\$44,820,000	-	\$18,980,909	\$13,352,992	\$32,333,901	72%
Community Well-being & Reopening Services	\$45,990,000	-	\$2,036,401	\$34,505,860	\$36,542,261	79%
Community & Small Business Recovery	\$24,125,000	-	\$7,985,105	\$5,271,065	\$13,256,170	55%
Community Safety & Mental Health	\$1,200,000	-	\$570,558	\$603,431	\$1,173,989	98%
Supporting City Workers & Services	\$7,275,000	\$972,397	\$24,199	\$4,021,739	\$5,018,336	69%

SRP3 Spending Update (direct-CLFR)

	Allocated	In Process / Contracted	Encumbered	Spent	Total Spent/ Encumbered/ In Process	% Progress
Grand Total	\$54,819,916	\$17,253,537	\$26,224,889	\$4,301,137	\$47,779,563	87%
Housing & Homelessness	\$23,312,968	-	\$23,312,968	-	\$23,312,968	100%
Community Well-being & Reopening Services	\$12,463,976	\$2,481,788	\$2,911,921	\$900,802	\$6,294,511	51%
Community & Small Business Recovery	\$9,351,156	\$6,646,652	-	\$2,704,504	\$9,351,156	100%
Supporting City Workers & Services	\$9,691,816	\$8,125,097	-	\$695,831	\$8,820,928	91%

*SRP3 also included \$66.3m in revenue replacement to the General Fund.

Cash Assistance Phase 2: Who Received Assistance?

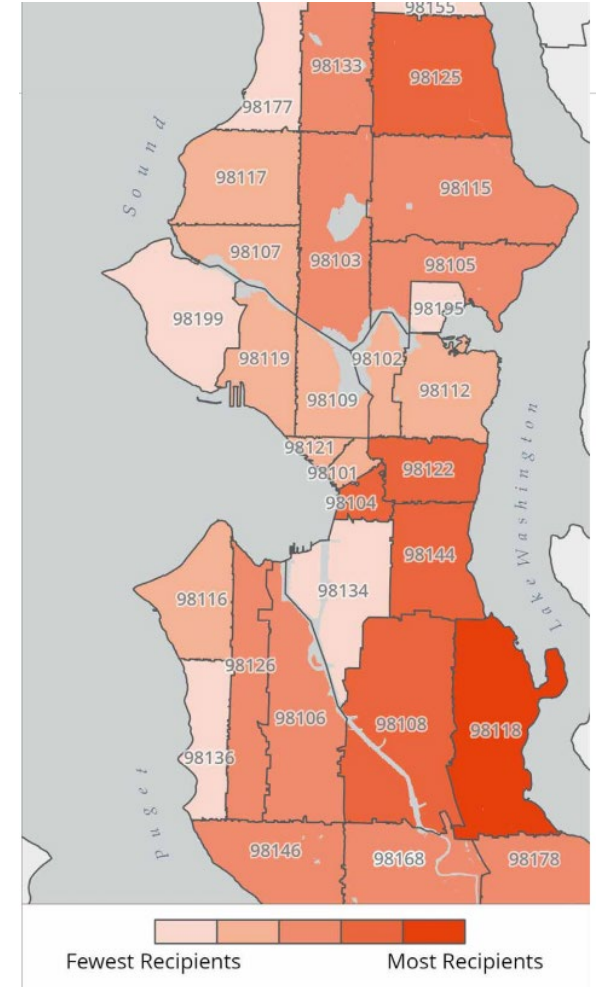
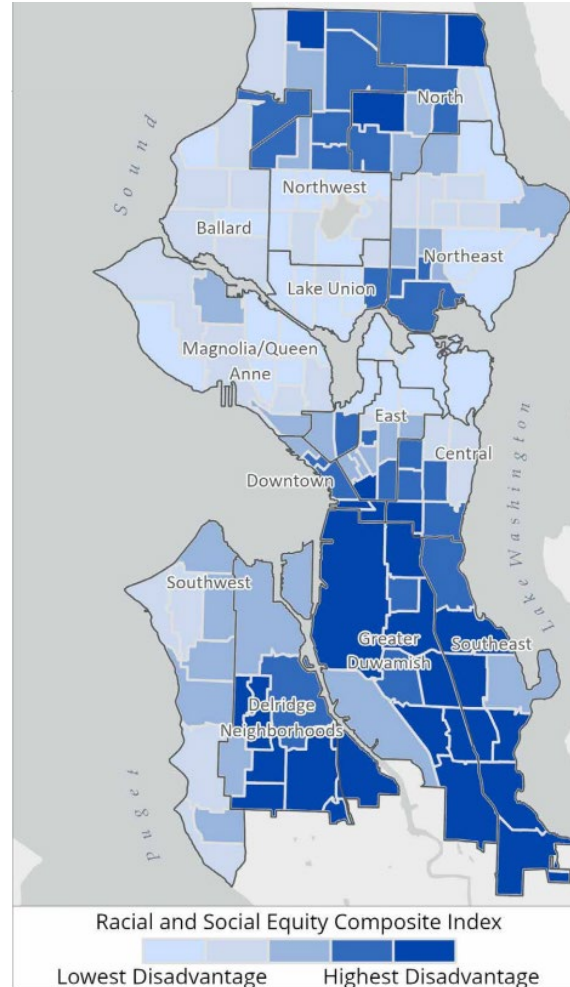
Phase 2: Open application for eligible low-income households. \$16.2 million disbursed to 9,392 households.

Race and Social Equity Composite Index

Seattle Relief Fund (SRF) Recipients

Comparing geographic data on program beneficiaries against the RSE Index map can show us whether critical assistance funds went where they were needed most.

At right, the map of where SRF Phase 2 recipients are concentrated matches the RSE Index map well.

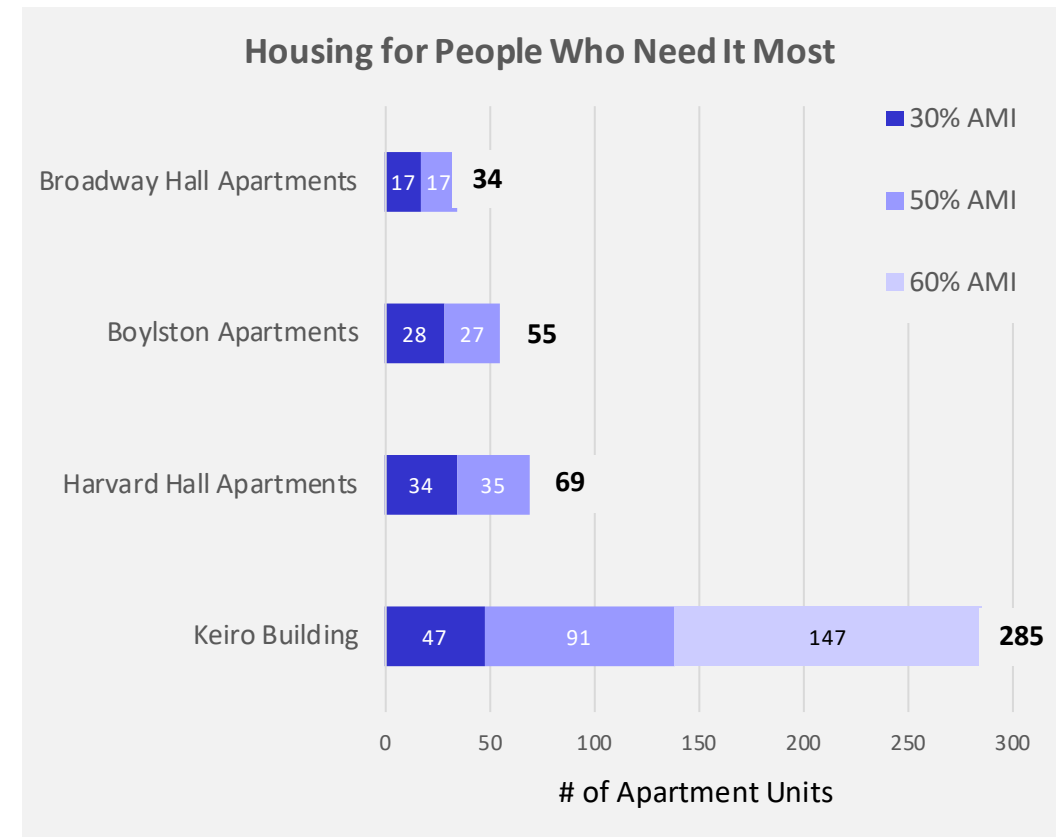


Program Highlights: Housing Affordability

Affordable Housing Rapid Acquisitions

CLFR (\$16.3m):

- OH has purchased **four new multifamily buildings with plans to develop 443 units of affordable housing in total**. About half the funds for the purchases come from State matching funds. The units and shelter beds will be open for occupancy in 2022.
- Of the new units, 126 are reserved for those making less than 30% of the typical income for the area (AMI), 170 are reserved for those under 50% AMI, and the remaining 147 are reserved for those under 60% AMI.
- **All four affordable housing developments are in Central Seattle and are within urban village boundaries, in areas with good access to public transit, and in areas of high displacement risk.**



Program Highlights: Homelessness

Most of the City’s homelessness investment will be implemented via the King County Regional Homelessness Authority. **KCRHA’s entire \$28.8 million of CLFR is now under contract:**

KCRHA CLFR Project	Amount Under Contract	Actuals as of 6/30/22
\$12M for Salvation Army-SODO Shelter*	12,064,784	716,364
\$6.6M for Keiro Shelter*	6,587,625	481,307
\$3.6M for COVID Mitigation in Shelters	3,660,559	1,897,440
\$2.3M for Capacity Building	2,300,000	0
\$1M for Diversion	1,000,000	0
\$2.3M for Rapid Rehousing	2,300,000	76,178
\$500k for Safe Lots	500,000	0
\$400k for Villages	400,000	0
Total To-Date	\$28,812,968	\$3,171,289

*: SODO and Keiro Shelters are budgeted operating funding through 2023 and 2024, respectively.

Note: another \$7.5 million of shelter and services is being managed by King County and is under contract.

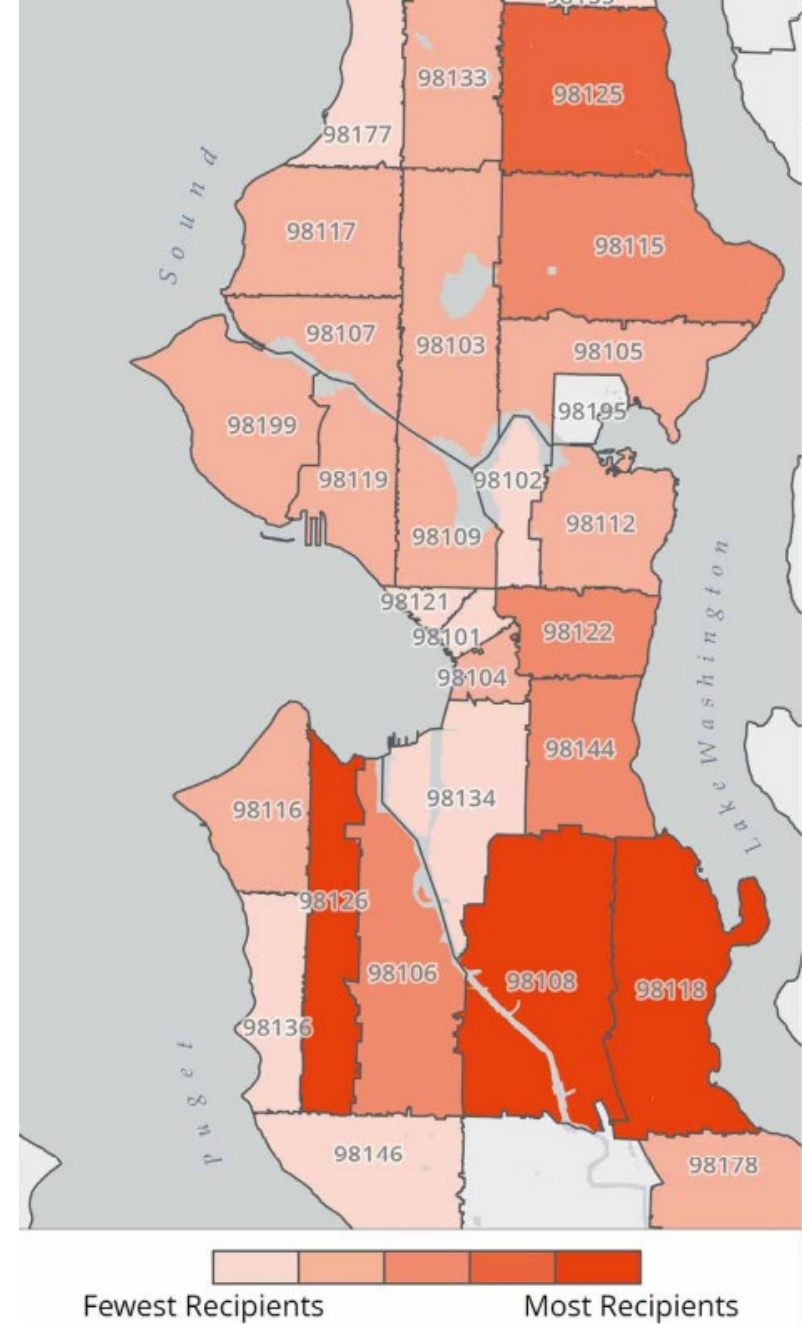
Program Highlights: Childcare

Support for childcare workers:

- \$3 million disbursed to over 3,500 workers across 537 sites that serve about 20,000 children
- 59% of sites were located in historically under-resourced neighborhoods in Southeast and Southwest Seattle.
- 68% of funded staff identify as BIPOC.

Building or expanding childcare facilities: \$5 million

- 29 applications received through the RFP
- The providers requested funding for either center-based facilities or family home-based facilities
- **Timeline:** Due to the volume of applications, additional time is needed to review the proposals.
 - **September 8** – notification of award to providers
- Childcare providers can contact HSD directly with questions or to learn more at ChildCareFacilities@seattle.gov



Program Highlights: Community Well-Being

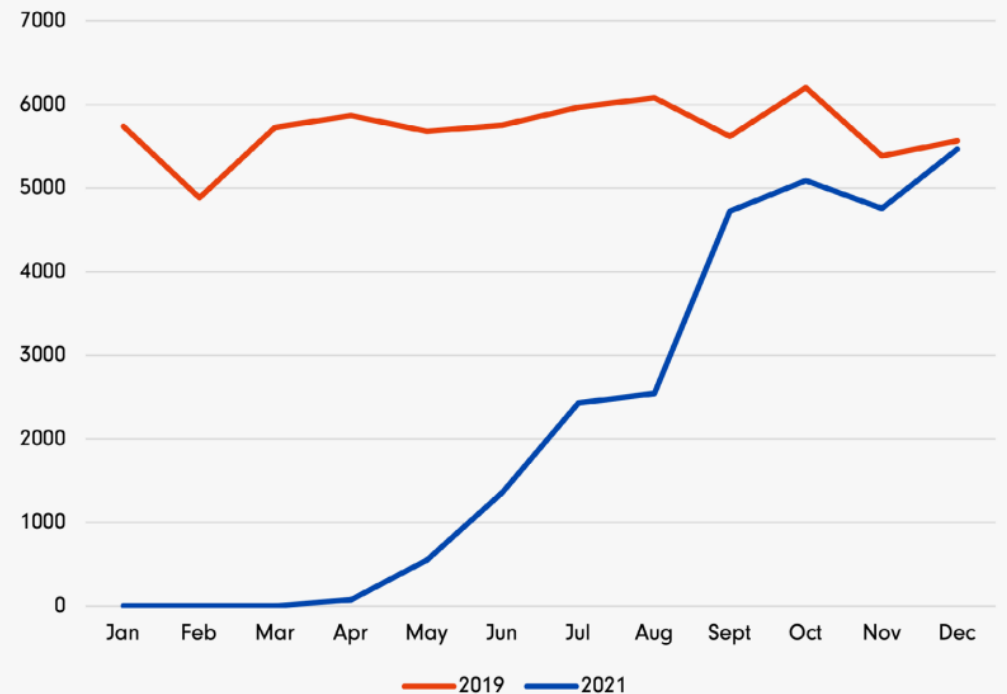
Library Open Hours Restoration

Library branches in Seattle closed in March of 2020 due to COVID-19. CLFR funding supported the rehiring of staff and reopening of library hours in 2021.

As a result of the CLFR funding, 34 employees were rehired, and all 27 libraries reopened.

By December 2021, library hours were approaching pre-pandemic levels.

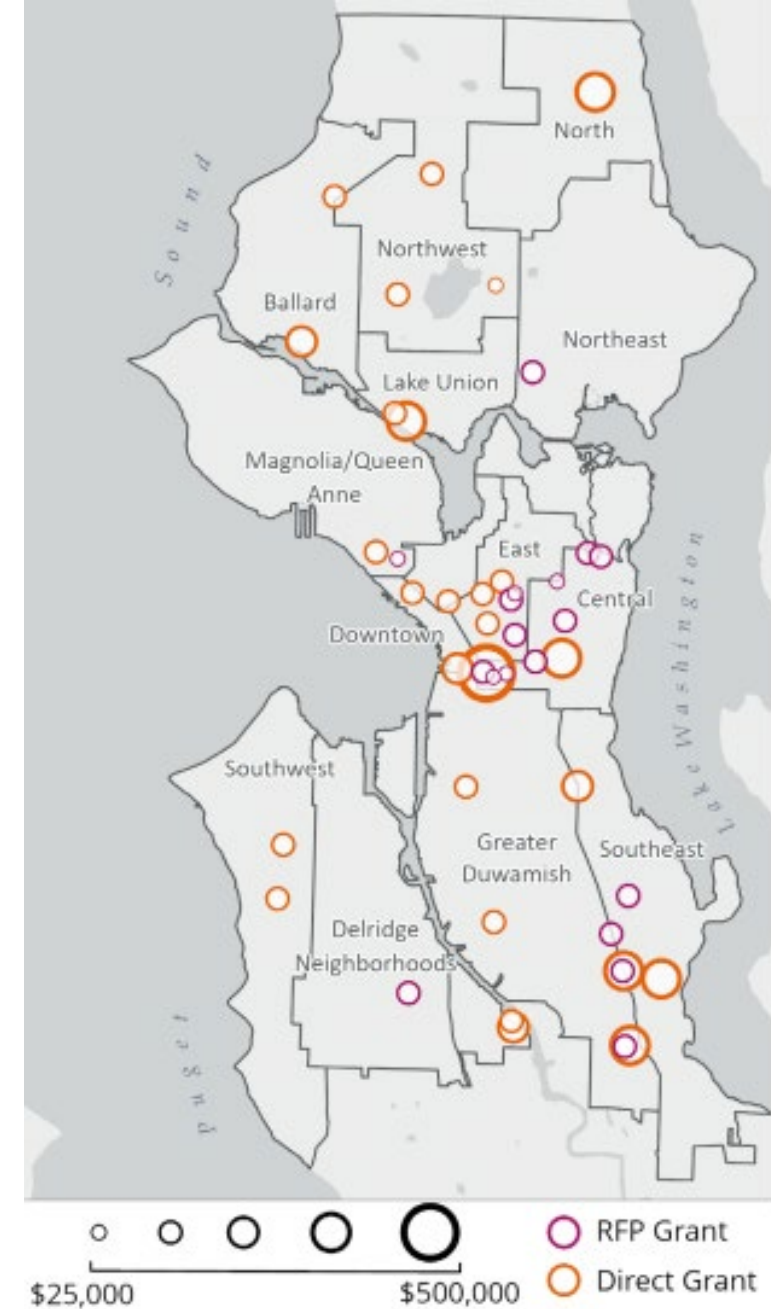
Library Open Hours Comparison (2019 and 2021)



Program Highlights: Economic Recovery

Small Business:

- **Downtown Activation/Welcome Back Weeks** (\$900K): \$782k spent, \$59k encumbered.
- **Neighborhood Economic Recovery Grants** (\$5.5M): \$1.2m spent to date; \$3.3m encumbered.
 - From August 2021 to April 2022, there were 28 direct grant recipients and 25 RFP grant recipients. Grant activities include activations, events, public space improvements, small business stabilization activities, etc. Grants were received by businesses across Seattle with a concentration of recipients in Central and Southeast Seattle. **A majority of recipients are either BIPOC-led organizations or organizations that serve BIPOC communities.**
- **Downtown Recovery Grants, Workforce Development, and Empty Storefronts** (total \$1.4M): \$1.2M spent/encumbered.
 - As of April 2022, 810 jobs were posted by the downtown workforce virtual hiring hall. **73% of virtual hiring hall participants identify as BIPOC**, with most jobseekers living in south Seattle or just south of the Seattle border.
 - Between December 2021 and June 2022, 22 small business establishes pop-up locations using CLFR funding in Downtown, Pioneer Square, and the Chinatown-International District. **73% of these businesses are BIPOC-owned, and 64% are women-owned.**
- **Shop to the Beat - Small Business and Creatives Relief Program** (\$120K): \$38k spent
 - Between November 2021 and February 2022, 27 small businesses hosted musicians for 75 different performances across Seattle, with a concentration in the Central and Southeast regions. **84% of matched musicians identified as BIPOC.**



Program Highlights: Outdoor Recreation

Parks Enhanced Maintenance: \$1.05 million

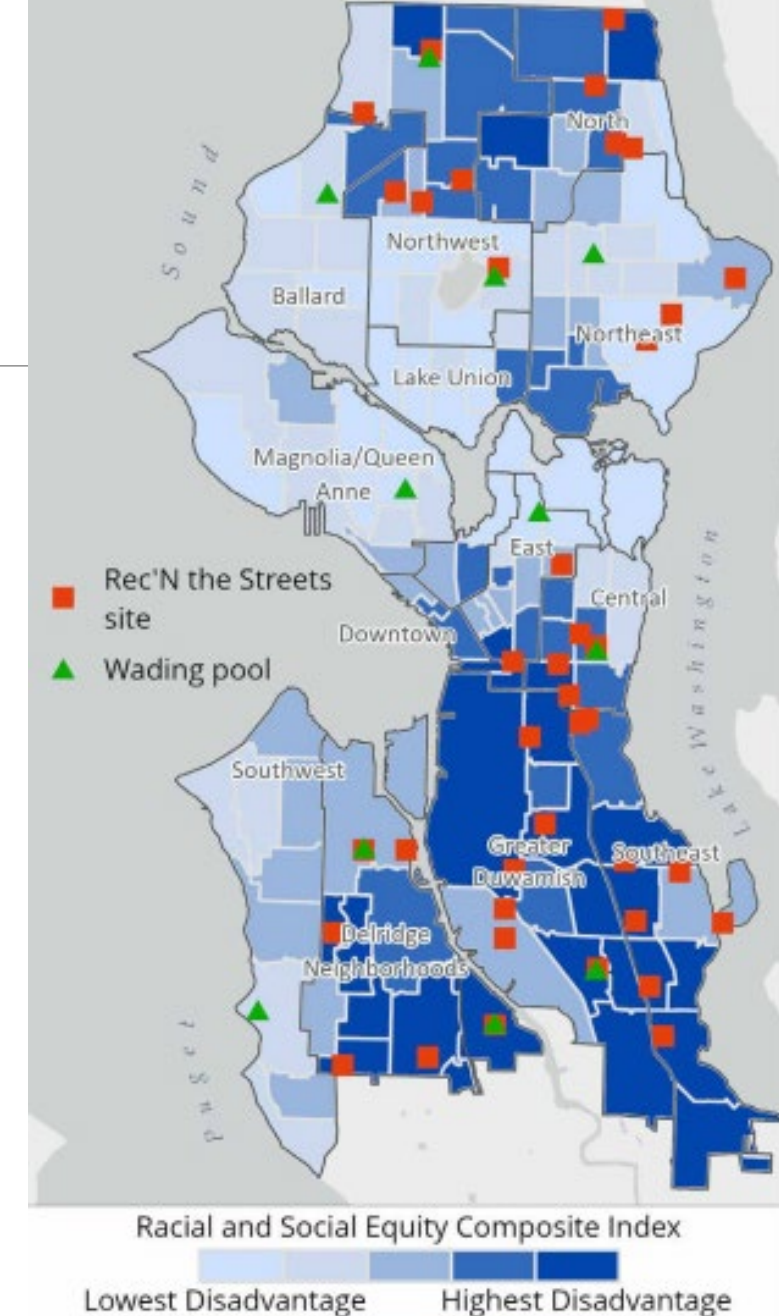
- Spending complete. Funded 22 full-time employees who provided 34,000 hours of park maintenance.

Opening Wading Pools: \$400,000

- Spending complete. Funded the reopening of 11 wading pools. Just under 26,800 children used the wading pools in 2021.

Rec N' the Streets: \$200,000

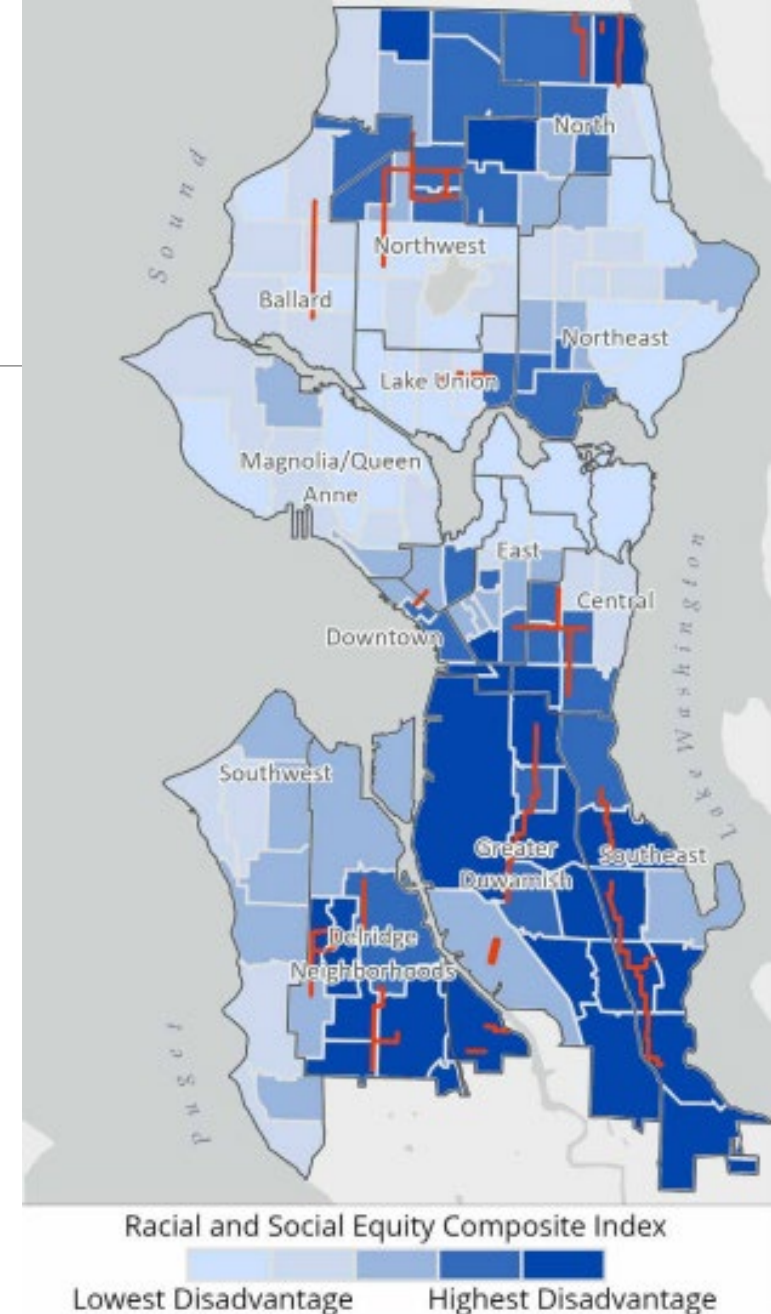
- Spending complete. Funded 39 different events across Seattle, with a total of 26,000 participants.



Program Highlights: Outdoor Recreation

Stay Healthy Streets: \$2.5 million

- \$546k in expenditures recorded so far; journaling costs in the accounting system continues.
- In 2020, the average number of bikes on routes increased by 111%, and the average number of pedestrians increased by 357% as a result of the identification of Stay Healthy Streets routes.
- CLFR funding was used to identify street closures that should be preserved in underserved areas and locations most impacted by the pandemic.
- **More than 75% of the routes serve the highest and second highest disadvantaged geographic areas using the City's Race and Social Equity Index.**

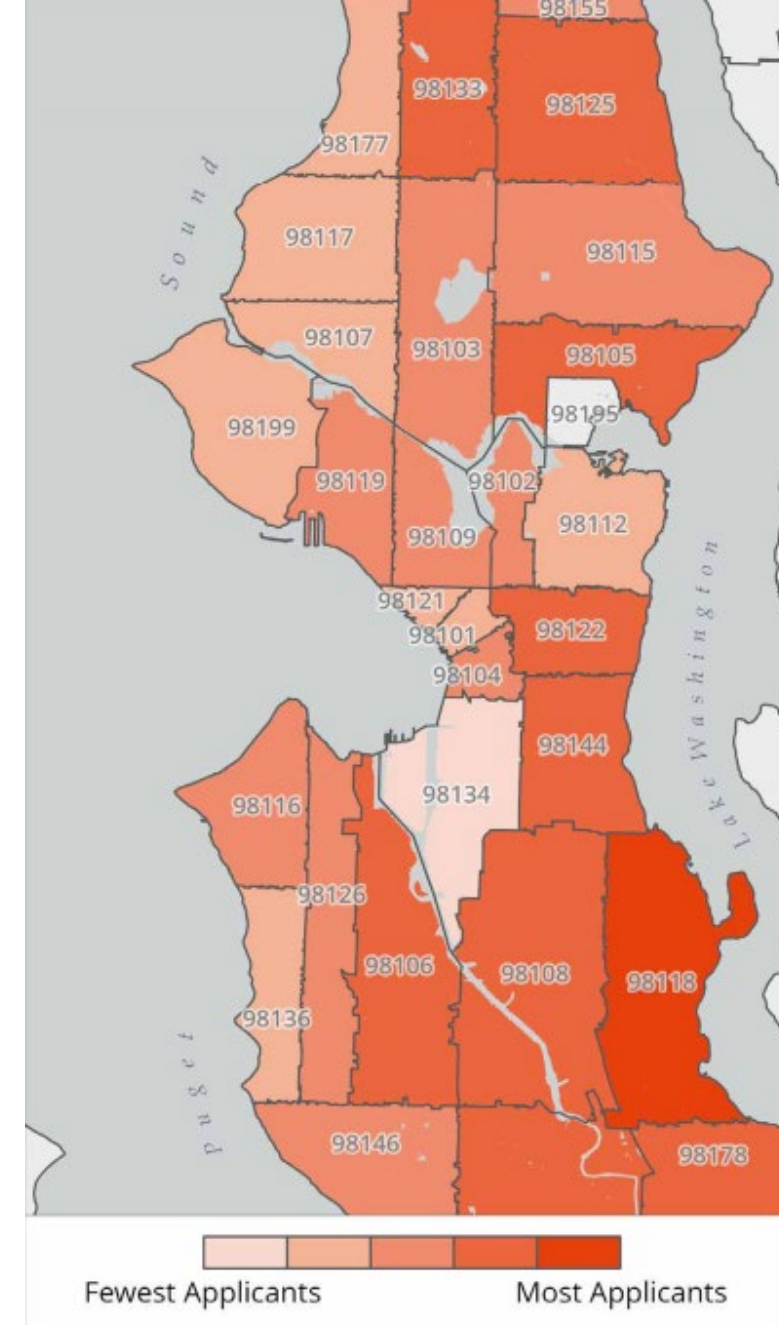


Program Highlights: CiviForm

To date, CiviForm has received 7,900 applicants **with 1,431 applying to 2+ programs, and 485 applying to 3+ programs**

CiviForm saves applicants significant time in every case, **from a few minutes to just under two hours saved per application.**

A high concentration of applicants (who provided geographic and demographic information) are in Southeast and Northeast Seattle, and 67% identified as BIPOC.



Questions?

Appendix: Additional Funding Detail

AS OF 12/31/21

SRP2 Spending Update

	Allocated	In Process / Contracted	Encumbered	Spent	Total Spent/ Encumbered/ In Process	% Progress
Grand Total	\$52,150,738	-	\$3,574,206	\$34,945,082	\$38,519,288	74%
Housing & Homelessness	\$28,730,963	-	\$1,324,796	\$20,221,454	\$21,546,250	75%
Community Well-being & Reopening Services	\$7,752,975	-	\$1,807,421	\$1,055,178	\$2,862,599	37%
Community & Small Business Recovery	\$15,666,800	-	\$441,989	\$13,668,450	\$14,110,439	90%