

SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
FAS	Lachen Chernyha	Lorine Cheung

1. BILL SUMMARY

Legislation Title: AN ORDINANCE updating definitions in the Seattle Municipal Code related to cannabis businesses to align with state law; and amending Section 6.500.020 of the Seattle Municipal Code.

Summary and Background of the Legislation: After changes to state law adopted during the 2023 legislative session, the City’s cannabis code SMC 6.500 is now out of alignment with state law. This ordinance will bring SMC back into alignment with state law.

In September 2022, the City adopted Ordinance 126664 as part of a broader package that included legislation to establish new protections for workers in the cannabis industry. In addition to other updates, Ordinance 126664 set the cannabis license fees for “social equity applicants” at \$0. The purpose of the license fee waiver is to give those who meet social equity criteria, as established by state law, the greatest chances of success in entering the legal cannabis industry in Seattle. Ordinance 126664 adopted the state’s definition for “social equity applicant” and “disproportionately impacted area” (because it is referenced in the definition for “social equity applicant”).

Since Ordinance 126664 was adopted in September 2022, the state passed legislation (SB 5080) amending the state’s social equity in cannabis program. In addition to expanding the number of licenses available under the social equity program, this bill altered the state’s definition of “social equity applicant” and “disproportionately impacted area.” As a result of these changes, the definitions contained in the Seattle Municipal Code (SMC) are now out of date.

To ensure that anyone granted a social equity cannabis license by the state under the new definitions remains eligible for waived City cannabis licensing fees, the City must update the code to be consistent with state law. Specifically, this ordinance will update the City definition for “social equity applicant” to anyone granted a cannabis license by the Washington State Liquor and Cannabis Board (LCB) under the state’s social equity program. This will ensure our code maintains alignment with the state’s social equity program as it continues to evolve. This ordinance will also eliminate the definition for “disproportionately impacted area” from the SMC, as it is no longer referenced in the definition for “social equity applicant.”

In addition, during the 2023 legislative session, the state also adopted SB 5367, concerning the regulation of products containing THC. This bill updated the state’s definitions for “cannabis” and “cannabis products.”

The definitions contained in SMC 6.500 are adopted from state law. Since the state adopted SB 5367, the definitions for “cannabis” and “cannabis products” contained in the SMC are now out of alignment with the state. Because the City’s authority to regulate cannabis derives from the state, our laws and rules related to cannabis businesses must be consistent with state law.

This ordinance will adopt the updated state definitions for “cannabis” and “cannabis products” into the City code, thus bringing the SMC back into alignment with state law.

2. CAPITAL IMPROVEMENT PROGRAM

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

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation have financial impacts to the City? ☐ Yes ☒ No

4. OTHER IMPLICATIONS

a. Please describe how this legislation may affect any departments besides the originating department.

N/A

b. Does this legislation affect a piece of property? If yes, please attach a map and explain any impacts on the property. Please attach any Environmental Impact Statements, Determinations of Non-Significance, or other reports generated for this property.

N/A

c. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.

i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.

The purpose of the state’s social equity in cannabis program is to provide business opportunities to cannabis license applicants who were disproportionately impacted by the war on drugs and to improve diversity in the cannabis industry. To give those who meet social equity criteria, as established by state law, the greatest chances of success in entering the legal cannabis industry in Seattle, the City has waived cannabis licensing fees for social equity applicants.

The changes to the definition of “social equity applicant” and “disproportionately impacted area,” adopted into state law during the 2023 legislative session, are intended to better capture the communities most harmed by the war on drugs. Now that the City code is out of alignment with the state’s definitions, a person who is granted a social equity license by the state under the new definitions may not qualify for a fee waiver in the City. This ordinance will ensure that anyone granted a state

cannabis license under the state’s new definitions will still be eligible for waived Seattle cannabis licensing fees, as intended by the original Ordinance 126664.

- ii. **Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation.**

N/A

- iii. **What is the Language Access Plan for any communications to the public?**

N/A

d. Climate Change Implications

- i. **Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.**

N/A

- ii. **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.**

N/A

- e. **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)? What mechanisms will be used to measure progress towards meeting those goals?**

N/A

5. CHECKLIST

- ☐ **Is a public hearing required?**
- ☐ **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required?**
- ☐ **If this legislation changes spending and/or revenues for a fund, have you reviewed the relevant fund policies and determined that this legislation complies?**
- ☐ **Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?**

6. ATTACHMENTS

Summary Attachments: None