

Cannabis Definition Changes

6/13/2024

Department of Finance and Administrative Services



City of Seattle

Summary

- In 2023, State adopted two bills impacting City's regulation of cannabis businesses
 - SB 5367 – Regulation of Products Containing THC
 - SB 5080 – Social Equity in Cannabis
- As a result, SMC 6.500 is now out of alignment with state law
- The proposed ordinance will bring SMC back into alignment with state law



SB 5367 - Regulation of Products Containing THC

- Updates state definitions for “cannabis” and “cannabis products”
- Proposed ordinance will update City definitions to align with state law:

~~"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,)) during the growing cycle through harvest and usable cannabis. “Cannabis” does not include hemp or industrial hemp as defined in RCW 15.140.030, or seeds used for licensed hemp production under chapter 15.140 RCW.~~

~~“Cannabis products” means useable cannabis, cannabis concentrates, and cannabis-infused products as defined in this Section 6.500.020, including any product intended to be consumed or absorbed inside the body by any means including inhalation, ingestion, or insertion, with any detectable amount of THC. “Cannabis products” also means any product containing only THC content. “Cannabis products” does not include cannabis health and beauty aids as defined in this Section 6.500.020 or products approved by the United States Food and Drug Administration.~~

SB 5080 - Social Equity in Cannabis

- In September 2022, City adopted Ordinance 126664:
 - Waives Seattle cannabis licensing fees for those granted social equity licenses by state
 - Adopts state definitions for “social equity applicant” and “disproportionately impacted area”
- SB 5080, adopted in 2023, amends state social equity program



Social Equity in Cannabis - Background

- Currently 87 cannabis businesses located in Seattle and licensed by the City – (44 retailers, 43 producers and/or processors)
- Initial state social equity program:
 - 46 retail licenses allocated by County; 8 reserved for King County
 - Awarded in September 2023
- SB 5080 program expansion
 - Authorizes 10 new producer licenses, 100 new processor licenses, and 52 new retail licenses through 2032
 - Can be located anywhere in state



SB 5080 - Social Equity in Cannabis

- SB 5080 also updates definitions for “social equity applicant” and “disproportionately impacted area”
- As a result:
 - City definitions now out of alignment with state law
 - Those granted social equity licenses under new state definitions may not be eligible for City fee waivers



Proposed Ordinance

Proposed ordinance is clean-up legislation that:

- Updates City definitions for “cannabis” and “cannabis product” to align with state law
- Updates definition for “social equity applicant” to anyone granted a cannabis license by the LCB under the state’s social equity program
- Eliminates definition for “disproportionately impacted area”



Proposed Ordinance

This legislation will:

- Bring City code into alignment with state law
- Ensure all social equity applicants continue to qualify for waived City cannabis licensing fees
- Allow SMC to maintain alignment with the state's social equity program as it continues to evolve



RJSI Implications

Proposed legislation will:

- Promote diversity in cannabis industry through fee waivers
- Ensure those granted social equity licenses by the LCB under new state definitions remain eligible for City fee waivers, as intended by Ordinance 126664



Fiscal Implications

- We anticipate a handful of new businesses
- Expect to absorb marginal cost of regulating new businesses into existing budget and staffing levels



Questions?

