

CANNABIS EQUITY

PRIMARY DEPARTMENT: FAS INVOLVED DEPARTMENTS: OED AND SDCI

EXECUTIVE SUMMARY

In 2012, Washington voters passed Initiative 502, legalizing possession of limited amounts of cannabis, its production, sale and regulation. In 2015, the Department of Finance and Administrative Services (FAS) began regulating cannabis businesses operating in Seattle through regulatory licensing (SMC 6.500) and inspections. In 2018, FAS recognized that 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 (LCB) released ownership demographic data to 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, of those 37 by white men.

In 2018, FAS began a Racial Equity Toolkit (RET) project to understand the root causes of licensing disparity and how to address them. The team's membership includes members from Office of Economic Development (OED) and Seattle Department of Construction and Inspection (SDCI) and nine FAS employees. The team has combined stakeholder/community engagement with research. The team has met with dozens of stakeholders, conducted two surveys, interviewed municipal and state social equity cannabis program administrators and reviewed available data and research.

After initial stakeholder engagements and research, it was clear that a City-sponsored, social equity in cannabis program would help eliminate racial disparities in access to licensing while also reinvesting in communities historically impacted by the War on Drugs.

EXPLANATION OF ISSUE

The team's initial proposed outcome was to add diversity to cannabis business ownership. We have since conducted engagement with community members, prior industry members, other departments, agencies and jurisdictions to gather recommendations and comments for developing a City social equity in cannabis program. As the team hears stories of lived experiences and researches the causes of the disparity and learns the impacts of arrests and incarceration on individuals, their families and communities, our proposed outcomes have expanded to include:

- Access to licenses, business locations and capital
- Access to business education and mentorship
- Access to prior medical dispensary BIPOC operators to licensure
- Community Reinvesting: affordable housing, healthcare, education, re-entry support
- Small Business Association (SBA) business plan support
- Flexibility in the application and licensing process to pivot quickly as new barriers arise
- Reinvest proceeds into the community, and
- Rebuilding generational wealth

The team is working on a high-level program framework incorporating interdepartmental collaboration with OED and SDCI: OED to help support business development, and SDCI to support expansion of cannabis zoning for social equity licenses. Funding and community partners still need to be identified. Potential funding includes the City's disbursement of the cannabis excise tax, \$1.3M to \$1.4M annually. The tax is currently distributed into the General Fund. Potential community partners include recipients of funds through The Equitable Communities Initiative.

In 2020, Washington legislators passed House Bill 2870, creating a social equity in cannabis licensing program, a technical assistance and mentorship grant fund, and forming a task force to develop recommendations to implement the programs. The legislation's intent is to address the disparities in the industry and the impacts of the War on Drugs. House Bill 1443, passed during the 2021 legislative session, expanded the eligibility requirements and the scope of the task force's work. The social equity program will provide licensing and technical support and mentorship opportunities for qualifying social equity applicants. These applicants will have lived in a disproportionately impacted area, have been arrested, convicted and/or incarcerated for a marijuana or other drug conviction, or have a family member who has been arrested, convicted and/or incarcerated for a marijuana or other drug conviction. The program will not address many concerns stakeholders have shared. The state's grant fund is \$1.1 million per year, inadequate compared to Oakland, CA's \$6.2 million grant program. The initial statewide license issuance will be for 38 retail licenses, 22 of which are in jurisdictions with bans, license caps or moratorium. The task force can and will likely recommend additional licenses following the issuance of the first 38.

Seattle will receive at least two social equity licenses, per the existing statute framework. King County Equity Now and Black Excellence in Cannabis have demanded the City ask for 30 social equity licenses. Seattle does not have a cap or moratorium; however, existing zoning and land use restrictions make it difficult to site even two new stores. Stakeholders have asked to expand more of Seattle's land use to allow social equity retail licenses.

UPCOMING DECISION/ACTION POINTS

Fall 2021 – RET team completes high-level recommendations for a social equity program

2022 – State begins accepting social equity cannabis applications

DEPARTMENT STAFF

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KEY DOCUMENTS

[ACLU – Report: The War on Marijuana in Black and White](#)

[ACLU – A Tale of Two Countries: Racially Targeted Arrests in the Era of Marijuana Reform](#)

[Cannabis Equity Survey and Analysis](#)

[Cannabis Equity in Our Community – A Racial Equity Toolkit Project](#)

[National Evaluation of Weed & Seed: Case Study, Seattle, WA](#)