



Legislation Details (With Text)

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Title: 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.

Sponsors: Teresa Mosqueda

Indexes:

Attachments: 1. Summary and Fiscal Note, 2. Central Staff Memo, 3. Presentation, 4. Amendment 1, 5. Signed Ordinance 126664, 6. Affidavit of Publication

Date	Ver.	Action By	Action	Result
9/19/2022	2	City Clerk	attested by City Clerk	
9/19/2022	2	Mayor	returned	
9/19/2022	2	Mayor	Signed	
9/9/2022	2	City Clerk	submitted for Mayor's signature	
9/6/2022	2	City Council	passed	Pass
8/17/2022	1	Finance and Housing Committee	pass as amended	Pass
8/11/2022	1	Finance and Housing Committee	discussed	
8/9/2022	1	City Council	referred	
8/1/2022	1	Council President's Office	sent for review	
7/27/2022	1	City Clerk	sent for review	
7/27/2022	1	Mayor	Mayor's leg transmitted to Council	

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, 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

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 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;

“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.

“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.

“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 cannabis producer - small business - Located in Seattle: \$2,000
3. Cannabis license for cannabis transporter - Located in Seattle: \$2,000
4. Cannabis license for social equity applicants - Located in Seattle: \$0
- ~~((2))~~ 5. ~~((Marijuana License))~~ Cannabis license - Located outside Seattle: ~~((.....))~~ \$2,000
6. 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)