



Legislation Text

File #: CB 120781, Version: 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

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.

WHEREAS, cannabis businesses 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, 2022, and 2023, to establish a Social Equity in Cannabis program. The purpose of this program 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 cannabis licenses to applicants who meet certain social equity criteria established by State law and further clarified by rules promulgated by the Washington State Liquor and Cannabis Board; and

WHEREAS, The City of Seattle established its own local Social Equity in Cannabis program, aligned with the State's Social Equity in Cannabis program, that waives cannabis license fees for those granted a social equity cannabis license under the State's program. These waived fees will give those who meet social equity criteria the greatest chances of success in entering the legal cannabis industry in Seattle; and

WHEREAS, the State adopted two bills during the 2023 legislative session (Engrossed Second Substitute Senate Bills 5080 and 5367) that impact the City's regulation of cannabis businesses. As a result of these two bills, the City's cannabis code in Chapter 6.500 of the Seattle Municipal Code is now out of alignment with state law; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 6.500.020 of the Seattle Municipal Code, last amended by Ordinance 126664, 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,))~~ during the growing cycle through harvest and useable cannabis. “Cannabis” does not include hemp or industrial hemp as defined in RCW 15.140.020, or 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 which: (a) is intended for use only as a topical application to provide 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, 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.

“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 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:
 - 1) Has been entered into the medical cannabis authorization database as being the designated provider to a qualifying patient;
 - 2) Has been provided a recognition card;
 - 3) Is prohibited from consuming cannabis obtained for the personal, medical use of the qualifying patient for whom the individual is acting as designated provider;
 - 4) Provides cannabis to only the qualifying patient that has designated them;
 - 5) Is in compliance with the terms and conditions of 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 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, 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.

“Medical cannabis authorization database” means the secure and confidential database created by the Washington State Department of Health pursuant to RCW 69.51A.230.

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

“Operator” means any person operating, conducting, or maintaining a 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 cannabis processor.

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

“Qualifying patient” means a person who:

1. Is a patient of a health care professional;
2. Has been diagnosed by that health care professional as having a terminal or debilitating

medical condition;

3. Is a resident of the state of Washington at the time of such diagnosis;

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

5. Has been advised by that health care professional that they may benefit from the medical use of cannabis;

6. a. Has an authorization from their health care professional; or

b. Has been entered into the medical cannabis authorization database and has been provided a recognition card; and

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

“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 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 cannabis retailer with a medical cannabis endorsement that has entered them into the medical cannabis authorization database.

“Social equity applicant” means ((:)) an applicant who has been issued a license by the Washington

State Liquor and Cannabis Board under the social equity program established in RCW 69.50.335.

~~((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 cannabis business who are quitting, selling out, exchanging, or disposing of the cannabis business sells or otherwise conveys, directly or indirectly, the ((owner(s)')) owner’s or owners’ 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.

“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.

“Useable cannabis” means dried cannabis flowers. The term “useable cannabis” does not include either

cannabis-infused products or cannabis concentrates.

Section 2. This ordinance shall take effect as provided by Seattle Municipal Code Sections 1.04.020 and 1.04.070.

Passed by the City Council the _____ day of _____, 2024, and signed by me in open session in authentication of its passage this _____ day of _____, 2024.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2024.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2024.

Scheereen Dedman, City Clerk

(Seal)