



# SEATTLE CITY COUNCIL

## Legislative Summary

CB 118419

Record No.: CB 118419

Type: Ordinance (Ord)

Status: Passed

Version: 3

124807

In Control: City Clerk

File Created: 06/02/2015

Final Action: 07/17/2015

**Title:** AN ORDINANCE related to the regulation of marijuana businesses; adding a new Chapter 6.500 to the Seattle Municipal Code; amending Ordinance 124648, which adopted the 2015 Budget, changing appropriations to various departments and budget control levels, making cash transfers between various City funds; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

**Notes:**

Date

**Filed with City Clerk:** 7/17/2015

**Mayor's Signature:** 7/17/2015

**Vetoed by Mayor:**

**Veto Overridden:**

**Veto Sustained:**

**Sponsors:** Licata

**Attachments:**

**Drafter:** David B. Mendoza

**Filing Requirements/Dept Action:**

**History of Legislative File**

**Legal Notice Published:**  Yes  No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Mayor	06/04/2015	Mayor's leg transmitted to Council	City Clerk			
	<b>Action Text:</b> The Council Bill (CB) was Mayor's leg transmitted to Council. to the City Clerk						
	<b>Notes:</b>						
1	City Clerk	06/04/2015	sent for review	Council President's Office			
	<b>Action Text:</b> The Council Bill (CB) was sent for review. to the Council President's Office						
	<b>Notes:</b>						
1	Council President's Office	06/08/2015	sent for review	Finance and Culture Committee			
	<b>Action Text:</b> The Council Bill (CB) was sent for review. to the Finance and Culture Committee						
	<b>Notes:</b>						
1	Full Council	06/22/2015	referred	Finance and Culture Committee			

- Action Text:** The Council Bill (CB) was referred. to the Finance and Culture Committee  
**Notes:**
- 1 Finance and Culture 06/24/2015  
Committee  
**Action Text:** Item was presented and discussed
- 1 Finance and Culture 07/08/2015 pass as amended Pass  
Committee  
**Action Text:** The Committee recommends that Full Council pass as amended the Council Bill (CB).  
**Notes:**  
In Favor: 3 Chair Licata, Vice Chair Godden, Member Burgess  
Opposed: 0
- 2 Full Council 07/13/2015 passed Pass  
**Action Text:** The Council Bill (CB) was passed by the following vote and the President signed the Bill:  
**Notes:**  
In Favor: 9 Councilmember Bagshaw, Council President Burgess, Councilmember Godden, Councilmember Harrell, Councilmember Licata, Councilmember O'Brien, Councilmember Okamoto, Councilmember Rasmussen, Councilmember Sawant  
Opposed: 0
- 3 City Clerk 07/14/2015 submitted for Mayor  
Mayor's signature  
**Action Text:** The Council Bill (CB) was submitted for Mayor's signature. to the Mayor  
**Notes:**
- 3 Mayor 07/17/2015 Signed  
**Action Text:** The Council Bill (CB) was Signed.  
**Notes:**
- 3 Mayor 07/17/2015 returned City Clerk  
**Action Text:** The Council Bill (CB) was returned. to the City Clerk  
**Notes:**
- 3 City Clerk 07/17/2015 attested by City Clerk  
**Action Text:** The Ordinance (Ord) was attested by City Clerk.  
**Notes:**
-

**CITY OF SEATTLE**  
**ORDINANCE** 124807  
**COUNCIL BILL** 118419

AN ORDINANCE related to the regulation of marijuana businesses; adding a new Chapter 6.500 to the Seattle Municipal Code; amending Ordinance 124648, which adopted the 2015 Budget, changing appropriations to various departments and budget control levels, making cash transfers between various City funds; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

WHEREAS, the residents of the State of Washington voted in favor of Initiative 692 creating the Medical Use of Marijuana Act (MUCA);

WHEREAS, the MUCA does not create any legal right to grow, process, or distribute medical marijuana but only allows for an affirmative defense for patients and providers;

WHEREAS, Initiative 502 was passed statewide and by voters in the state of Washington;

WHEREAS, public support for Initiative 502 was in large part driven by the desire to end criminalization of marijuana production, processing, and distribution;

WHEREAS, Initiative 502 creates a highly regulated system for the production, processing and distribution of marijuana for adult use;

WHEREAS, the Washington State Liquor and Cannabis Board (LCB) has allowed for the provision of 21 retail marijuana stores within the City of Seattle;

WHEREAS, 14 recreational marijuana retail stores have opened in the City of Seattle as of June 2, 2015;

WHEREAS, the Department of Finance and Administrative Services and the Department of Planning and Development have determined that there are approximately 99 medical marijuana retailers operating without licenses issued by the LCB in the City of Seattle;

1 WHEREAS, an estimated 54 marijuana retailers without state licenses have established  
2 operations in the City of Seattle since January 1, 2013;

3 WHEREAS, there have been numerous armed robberies and thefts of unlicensed marijuana  
4 businesses, endangering staff at these establishments and the surrounding community;

5 WHEREAS, access to recreational marijuana should be limited to those over 21 years of age;

6 WHEREAS, access to medical marijuana by those under 21 years of age should be available  
7 only to those patients with a qualifying medical condition that has been confirmed by a  
8 healthcare provider;

9 WHEREAS, the proliferation of unlicensed marijuana businesses has seen an attendant increase  
10 in elementary and secondary school students, who are not qualifying patients, accessing  
11 marijuana-infused products;

12 WHEREAS, 77 percent of drug/alcohol discipline incidents in Seattle public schools in 2014  
13 involved marijuana;

14 WHEREAS, it is in the interest of the people of the City of Seattle to prevent those under 21  
15 years of age from accessing marijuana and marijuana-infused products;

16 WHEREAS, it is in the interest of the people of the City of Seattle to halt the proliferation of  
17 non-state licensed, and therefore unlawful, marijuana businesses while maintaining  
18 access to medical marijuana for qualifying patients;

19 WHEREAS, the state legislature and Governor Inslee signed into law SSB 5052 that reforms  
20 medical marijuana law in Washington State;

21 WHEREAS, SSB 5052 prioritizes non-state-licensed marijuana establishments operating before  
22 January 1, 2013 having an opportunity to obtain a state license by July 1, 2016; and

1 WHEREAS, it is in the interest of the City to regulate marijuana businesses in order to promote  
2 the health, welfare, and safety of the citizens of Seattle, including persons under the age  
3 of 21;

4 WHEREAS, the creation of a regulatory license for marijuana businesses will allow the City of  
5 Seattle to incorporate LCB rules regarding operating hours and signage that are of  
6 concern to neighborhoods surrounding marijuana businesses;

7 WHEREAS, it is in the interest of the City of Seattle to ensure that newly legal marijuana  
8 business are in compliance with state and city law; NOW, THEREFORE,

9 **BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

10 Section 1. A new Chapter 6.500 is added to the Seattle Municipal Code as follows:

11 **Chapter 6.500 MARIJUANA BUSINESSES**

12 **6.500.010 Application of other provisions**

13 The licenses provided for in this Chapter are subject to the general provisions of the new  
14 Seattle License Code set forth in Chapter 6.202 as now or hereafter amended. In the event of a  
15 conflict between the provisions of Chapter 6.202 and this Chapter 6.500, the provisions of this  
16 Chapter 6.500 shall control.

17 **6.500.020 Definitions**

18 For the purposes of this Chapter the following definitions are adopted:

19 "Authorization" means a form developed by the Washington State Department of Health  
20 that is completed and signed by a qualifying patient's health care professional and printed on  
21 tamper-resistant paper.

1           “Cannabis health and beauty aid” means a product containing parts of the cannabis plant  
2 and that: (a) is intended for use only as a topical application to provide for therapeutic benefit or  
3 to enhance appearance; (b) contains a THC concentration of not more than 0.3 percent; (c) does  
4 not cross the blood-brain barrier; and (d) is not intended for ingestion by humans or animals.

5           “Department” means the Department of Finance and Administrative Services of The City  
6 of Seattle.

7           “Designated provider” means a person who is 21 years of age or older and:

8           1.       a. Is the parent or guardian of a qualifying patient who is under the age of 18  
9 years and, beginning July 1, 2016, holds a recognition card; or

10                   b. Has been designated in writing by a qualifying patient to serve as the  
11 designated provider for that patient;

12           1.       a. Has an authorization from the qualifying patient’s health care professional; or

13                   b. Beginning July 1, 2016:

14                           1) Has been entered into the medical marijuana authorization database as  
15 being the designated provider to a qualifying patient; and

16                           2) Has been provided a recognition card;

17                           3) Is prohibited from consuming marijuana obtained for the personal,  
18 medical use of the qualifying patient for whom the individual is acting as designated provider;

19                           4) Provides marijuana to only the qualifying patient that has designated  
20 him or her;

21                           5) Is in compliance with the terms and conditions of RCW 69.51A; and

22                           6) Is the designated provider to only one patient at any one time.

1           “Director” means the Director of the Department of Finance and Administrative Services  
2 of The City of Seattle or that Director’s designee.

3           “Employee” means any individual who is employed by an employer in return for the  
4 payment of direct or indirect monetary wages or profit, any individual who volunteers his or her  
5 services to an employer for no monetary compensation, or any individual who performs work or  
6 renders services, for any period of time, at the direction of an owner, lessee, or other person in  
7 charge of a place.

8           “Engaging in business” has the meaning provided in subsection 5.30.030.B.1.

9           “Gross profit” means the entire gross receipts from all sales and services made in, upon,  
10 or from the licensed business.

11           “Health care professional” means a physician licensed under chapter 18.71 RCW, a  
12 physician assistant licensed under chapter 18.71A RCW, an osteopathic physician licensed under  
13 chapter 18.57 RCW, an osteopathic physicians' assistant licensed under chapter 18.57A RCW, a  
14 naturopath licensed under chapter 18.36A RCW, or an advanced registered nurse practitioner  
15 licensed under chapter 18.79 RCW.

16           “Marijuana” means all parts of the plant *Cannabis*, whether growing or not, with a THC  
17 concentration greater than 0.3 percent on a dry weight basis; the seeds thereof; the resin extracted  
18 from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or  
19 preparation of the plant, its seeds or resin. The term does not include the mature stalks of the  
20 plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other  
21 compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the  
22 resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable  
23 of germination.

1           “Marijuana business” means any person or entity that grows, possesses, produces,  
2 processes, manufactures, sells (whether at wholesale or retail), distributes, transports, allows for  
3 consumption on their premises, or delivers marijuana with the object of gain, benefit, or  
4 advantage to the person, and includes, but is not limited to, any marijuana processor, producer, or  
5 retailer, regardless of whether the marijuana is intended for medical or recreational use.

6           “Marijuana concentrates” means products consisting wholly or in part of the resin  
7 extracted from any part of the plant *Cannabis* and having a THC concentration greater than ten  
8 percent.

9           “Marijuana processor” means a person licensed by the Washington State Liquor and  
10 Cannabis Board to process marijuana into marijuana concentrates, usable marijuana, and  
11 marijuana-infused products, package and label marijuana concentrates, usable marijuana, and  
12 marijuana-infused products for sale in retail outlets, and sell marijuana concentrates, usable  
13 marijuana, and marijuana-infused products at wholesale to marijuana retailers.

14           “Marijuana producer” means a person licensed by the Washington State Liquor and  
15 Cannabis Board to produce and sell marijuana at wholesale to marijuana processors and other  
16 marijuana producers.

17           “Marijuana products” means usable marijuana, marijuana concentrates, and marijuana-  
18 infused products as defined in this Section.

19           “Marijuana-infused products” means products that contain marijuana or marijuana  
20 extracts, are intended for human use, are derived from marijuana, and have a THC concentration  
21 no greater than ten percent. The term “marijuana-infused products” does not include either  
22 usable marijuana or marijuana concentrates.



1           “Marijuana retailer” means a person licensed by the Washington State Liquor and  
2 Cannabis Board to sell marijuana concentrates, usable marijuana, and marijuana-infused  
3 products in a retail outlet.

4           “Medical marijuana authorization database” means the secure and confidential database  
5 created by the Washington State Department of Health pursuant to chapter 69.51A RCW, as  
6 amended by Chapter 70, Laws of 2015.

7           “Medical marijuana establishment” means a marijuana business operating in compliance  
8 with chapter RCW 69.51A.

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

10          “Operator” means any person operating, conducting, or maintaining a marijuana  
11 business.

12          “Person” means any individual, partnership, corporation, trust, incorporated or  
13 unincorporated association, marital community, joint venture, governmental entity, or other  
14 entity or group of persons however organized.

15          “Premises” means the building and land upon which a marijuana producer, processor, or  
16 retailer is located.

17          “Process” means to engage in any one or more of the activities of a marijuana processor.

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

19          “Qualifying patient” means a person who:

- 20               1.       a. Is a patient of a health care professional;
- 21                               b. Has been diagnosed by that health care professional as having a
- 22 terminal or debilitating medical condition;
- 23                               c. Is a resident of the state of Washington at the time of such diagnosis;

1                                   d. Has been advised by that health care professional about the risks and  
2 benefits of the medical use of marijuana;

3                                   e. Has been advised by that health care professional that he or she may  
4 benefit from the medical use of marijuana;

5                                   f.       1) Has an authorization from his or her health care professional; or  
6   2) Beginning July 1, 2016, has been entered into the medical  
7 marijuana authorization database and has been provided a recognition card; and

8                                   g. Is otherwise in compliance with the terms and conditions of RCW  
9 69.51A.

10                                 b. “Qualifying patient” does not include a person who is actively being  
11 supervised for a criminal conviction by a corrections agency or department that has determined  
12 that the terms of Chapter 69.51A RCW are inconsistent with and contrary to his or her  
13 supervision and all related processes and procedures related to that supervision.

14                                 “Successor” means any person to whom the owner(s) of a marijuana business who are  
15 quitting, selling out, exchanging or disposing of the marijuana business sells or otherwise  
16 conveys, directly or indirectly, the owner(s)’ share of the business, or any part of the materials,  
17 supplies, merchandise, inventory, fixtures, or equipment of the business in bulk and not in the  
18 ordinary course of the person’s marijuana business. Any person obligated to fulfill the terms of a  
19 contract shall be deemed a successor to any contractor defaulting in the performance of any  
20 contract as to which such person is a surety or guarantor.

21                                 “Tamper-resistant paper” means paper that meets one or more of the following industry-  
22 recognized features:

23                                   1. One or more features designed to prevent copying of the paper;

1                   2. One or more features designed to prevent the erasure or modification of  
2 information on the paper; or

3                   3. One or more features designed to prevent the use of counterfeit authorization.

4                   “Recognition card” means a card issued to qualifying patients and designated providers  
5 by a marijuana retailer with a medical marijuana endorsement that has entered them into the  
6 medical marijuana authorization database.

7                   “True party of interest” means:

8                   1. For a sole proprietorship, the sole proprietor and spouse.

9                   2. For a general partnership, all partners and their spouses.

10                  3. For a limited partnership, limited liability partnership, or limited liability  
11 limited partnership, all general partners and their spouses and all limited partners and their  
12 spouses.

13                  4. For a limited liability company, all members and their spouses, and all  
14 managers and their spouses.

15                  5. For a privately held corporation, all corporate officers (or persons with  
16 equivalent title) and their spouses, and all stockholders and their spouses.

17                  6. For a publicly held corporation, all corporate officers (or persons with  
18 equivalent title) and their spouses, and all stockholders and their spouses.

19                  7. For multilevel ownership structures, all persons and entities that make up the  
20 ownership structure and their spouses.

21                  8. Any entity or person (inclusive of financiers) that is expecting a percentage of  
22 the profits in exchange for a monetary loan or expertise, any entity or person who is in receipt of,  
23 or has the right to receive, a percentage of the gross or net profit from the licensed business

1 during any full or partial calendar or fiscal year, or any entity or person who exercises control  
2 over the licensed business in exchange for money or expertise.

3 “True party of interest” does not mean:

4 1. A person or entity receiving reasonable payment for rent on a fixed basis under  
5 a bona fide lease or rental obligation, unless the lessor or property manager exercises control  
6 over or participates in the management of the business.

7 2. A person who receives a bonus as an employee, if: the employee is on a fixed  
8 wage or salary and the bonus is not more than 25 percent of the employee's pre-bonus annual  
9 compensation; or the bonus is based on a written incentive/bonus program that is not out of the  
10 ordinary for the services rendered.

11 3. A person or entity contracting with the applicant(s) to sell the property, unless  
12 the contract holder exercises control over or participates in the management of the licensed  
13 business.

14 “Usable Marijuana” means dried marijuana flowers. The term “usable marijuana” does  
15 not include either marijuana-infused products or marijuana concentrates.

16 **6.500.030 License required**

17 It is unlawful for any person to engage in a marijuana business in the City unless such  
18 person has obtained from the Director a license to do so, to be designated as a marijuana business  
19 license, and is in compliance with all provision of this Chapter 6.500.

20 **6.500.040 General provisions**

21 A. No license shall be approved under this Chapter 6.500 for any marijuana business  
22 located on federal lands.

1 B. No marijuana business shall be located within another business. More than one  
2 marijuana business licensee may be located in the same building if each licensee has their own  
3 area physically separated with their own entrance. Marijuana and marijuana products shall not be  
4 commingled.

5 C. No marijuana processor licensed by the Department shall conduct the processing,  
6 storage, or sale of marijuana-infused products except using sanitary practices and ensuring  
7 facilities are constructed, kept, and maintained in a clean and sanitary condition pursuant to rules  
8 prescribed by the Seattle Department of Planning and Development, Seattle Fire Department,  
9 Washington Department of Agriculture under Chapters 16-165 and 16-167 Washington  
10 Administrative Code (WAC), and Seattle-King County Department of Public Health.

11 D. Licensees shall not allow the consumption of marijuana or marijuana products on the  
12 licensed premises.

13 E. Signs must be posted at all licensed premises that inform the public that no persons  
14 under the age of 21 years are permitted on the premises. After July 1, 2016, signs must be posted  
15 that inform the public that qualified patients between the ages of 18 and 21 years with  
16 recognition cards are permitted on the premises.

17 F. A business shall only sell product to the public from their licensed location.

18 G. Marijuana or marijuana products shall not be provided from booths at vendor fairs,  
19 farmers' markets, or other similar events.

20 **6.500.050 License applications**

21 A. Marijuana business licenses are limited to those persons who have been issued a  
22 license by the Washington State Liquor and Cannabis Board to produce, process, distribute, or  
23 transport marijuana or marijuana products.

1           B. Those persons licensed by the Liquor and Cannabis Board to conduct quality  
2 assurance testing or research on marijuana for scientific purposes are exempted from the  
3 requirement to acquire the license created by this Chapter 6.500. Manufacturers and distributors  
4 of cannabis health and beauty aids are likewise exempted from the requirement to acquire a  
5 license created by this Chapter 6.500.

6           C. Those persons operating medical marijuana businesses that, before January 1, 2013,  
7 acquired a license issued by The City of Seattle under Section 5.55.230, attained a state  
8 registration certificate under RCW 82.32.030, established their operation as a medical-marijuana  
9 establishment, have fully paid any judgments for unpaid wages or tip compensation, and have  
10 consistently paid all applicable state and local taxes and fees, including but not limited to  
11 Washington State Employment Security Department unemployment premiums and Washington  
12 State Labor and Industries Department fees, may continue to operate until July 1, 2016 without a  
13 license issued by this Chapter 6.500. In order to continue operating without a license pursuant to  
14 this subsection 6.500.050.C, those persons or entities must fulfill all criteria and timely take all  
15 steps necessary to remain eligible to obtain a license from the Washington State Liquor and  
16 Cannabis Board no later than July 1, 2016. In addition, persons operating medical marijuana  
17 establishments must comply with all advertising and signage requirements pursuant to WAC  
18 314-55-155 as adopted through rulemaking by the Director.

19           1. It shall be the burden of each medical marijuana establishment to affirmatively  
20 show that it meets the requirements of this subsection 6.500.050.C. Upon the request of the  
21 Director, such persons shall submit all records necessary to establish their eligibility to operate  
22 pursuant to this subsection 6.500.050.C.

1                   2. A person or entity that is a successor of a medical marijuana establishment that  
2 had acquired a state registration certificate under RCW 82.32.030 and City of Seattle license  
3 under Section 5.55.230 and began operations before January 1, 2013 but attained their interest or  
4 control of said entity after January 1, 2013 may be eligible to continue operations until July 1,  
5 2016 if operations were continuous and the transfer of interest or control is documented.

6                   D. Marijuana businesses that are not located within the City but provide marijuana  
7 businesses located in Seattle with marijuana or marijuana products must obtain a license under  
8 this Chapter 6.500. Only those persons that have a license issued by the Washington State  
9 Liquor and Cannabis Board may obtain a license under this Chapter 6.500.

10                  E. All applications shall be submitted by and issued in the name(s) of the true party(ies)  
11 of interest and shall be signed by such person(s) and certified as true under penalty of perjury,  
12 and shall be accompanied by written evidence sufficient to show that such person(s) are the  
13 owner, operator, or lessee of the premises. All applications shall be submitted on a form supplied  
14 by the Director.

15                   1. Failure to provide complete information required on an application form  
16 approved by the Director's form shall render the application incomplete and the license  
17 consequently shall be denied.

18                   2. Within 30 days of any change in the information required to be submitted in  
19 this Section 6.500.050, each licensee shall notify the Director in writing of such change on a  
20 form provided by the Director.

21                  F. Applicants shall comply with all City and State laws, including but not limited to  
22 license or tax obligations and all provisions of this Chapter 6.500.

1 G. Applications from currently operating state-licensed marijuana businesses must be  
2 received within 30 days of the effective date of this Chapter 6.500.

3 **6.500.060 License—Applicant investigation**

4 A. The Director may investigate each license application. The Director may request  
5 record checks, site inspections or confirmation of zoning compliance to be performed by  
6 appropriate City agencies. The agency to which such a request has been directed shall determine  
7 whether the applicant, activity, and/or premises comply with the requirements of City laws,  
8 rules, and regulations enforced by the agency. The agency shall notify the Director in writing  
9 whether or not any violation is found, specifying any noncompliance. If the Director does not  
10 receive a written reply within 30 days from the date of the original request for the check or  
11 inspection, the Director shall issue the license if the applicant is deemed qualified to hold the  
12 license in all other respects provided however, that the license shall be deemed invalid upon the  
13 receipt of competent evidence that the requirements of this Chapter 6.500 or any other law, rule,  
14 or regulation have not been met.

15 B. The Department may conduct an investigation of any person or entity that exercises  
16 any control over the applicant's business operations, including but not limited to a financial  
17 investigation and/or a criminal history background.

18 **6.500.070 Inspection of premises**

19 A. Applicants shall allow the premises sought to be licensed under this Chapter 6.500 and  
20 all books and records to be inspected by persons authorized by the Director, Fire and Police  
21 Departments, Seattle-King County Health Department, and Department of Planning and  
22 Development to ensure that the applicant meets all licensing and other legal requirements.  
23 Failure to grant access shall result in denial of the license application.



1 B. Each licensee shall allow the premises, including all books and records, to be  
2 inspected in accordance with and in the same manner as in subsection 6.500.070.A. Refusal to  
3 grant access to authorized persons shall result in a non-renewal or revocation of the license.

4 **6.500.080 License fees**

5 A. The following application fees shall apply:

- |    |   |         |
|----|---|---------|
| 6  | 1. Marijuana Business License - Located in Seattle          | \$1,000 |
| 7  | 2. Marijuana Business License - Located outside Seattle     | \$500   |
| 8  | 3. Marijuana Business License - Reinspection, Reinstatement |         |
| 9  | Relocation of Physical                                      |         |
| 10 | Address Fee   | \$250   |

11 B. Application fees are non-refundable.

12 **6.500.090 Issuance of licenses**

13 A. The Director shall deny a license and shall notify the applicant in writing of the  
14 reasons for denial and the opportunity to appeal, if the Director finds any of the following:

- 15 1. The application does not meet the requirements of this Chapter 6.500; or
- 16 2. The applicant or any employee, agent, partner, director, officer, or manager has  
17 knowingly made any false, misleading, or fraudulent omission or statement of material fact in the  
18 application for a license, or in any report or record required to be filed with the Director; or
- 19 3. The applicant or any employee, agent, partner, director, officer, or manager of  
20 the applicant has not attained the age of 21 years at the time that the application was submitted;
- 21 or
- 22 4. The applicant or any employee, agent, partner, director, officer, or manager of  
23 the applicant is currently the subject of a final license suspension or revocation order issued

1 pursuant to this Chapter 6.500 that became final less than three years before the date that the  
2 pending application was submitted; or

3 5. The applicant has not provided written evidence that the applicant is the current  
4 owner, operator, or lessee of the business premises to be licensed; or

5 6. The property at which the business is located has been determined by a court to  
6 be a chronic nuisance property as provided in Chapter 10.09; or

7 7. The license may be otherwise denied under Section 6.202.230.

8 B. No license shall be issued to:

9 1. A person under the age of 21 years;

10 2. A partnership, employee cooperative, association, nonprofit corporation, or  
11 corporation unless formed under the laws of this state, and unless all of the members thereof are  
12 qualified to obtain a license as provided in this Section 6.500.090; or

13 3. A person whose place of business is conducted by a manager or agent, unless  
14 the manager or agent possesses the same qualifications required of the licensee.

15 C. The Director may, subject to the provisions of Sections 6.500.140, 6.500.145,  
16 6.500.147 and 6.500.150, suspend or revoke any license for violations of this Chapter 6.500.

17 **6.500.100 State regulatory provisions; Director to adopt rules**

18 The Director shall adopt rules that incorporate applicable provisions of the Washington  
19 Administrative Code relating to the regulation of marijuana businesses by the Washington State  
20 Liquor and Cannabis Board, and shall periodically review and update such rules as changes are  
21 made to such provisions of the Washington Administrative Code.

22 **6.500.110 Restricted access for persons under 21 years of age**

1           A. It is unlawful for any person under the age of 21 years to be in or upon any licensed  
2 premises. Beginning July 1, 2016, persons between the ages of 18 and 21 years may be permitted  
3 upon licensed premises if they are a qualifying patient with an authorization or recognition card.

4           B. It is unlawful for any owner, operator, manager, employee, or other person in charge  
5 of a business for which a license under this Chapter is required, to allow any person under the  
6 age of 21 years without an authorization or recognition card to be in or upon such premises.

7           C. All licensees shall affirmatively check the identification, authorization, and  
8 recognition card, and all licensees shall confirm the age of all that enter or are on the premises.

9           D. Retail marijuana licensees shall issue recognition cards in accordance with state law  
10 and shall confirm the validity of authorizations and recognition cards.

11 **6.500.120 License – Transfer of interest**

12           The licenses issued under this Chapter 6.500 are not transferable. However, an interest in  
13 a business entity holding the license may be transferred, but only after the new owner, member  
14 or principal has submitted an application, met all the standards and requirements in this Chapter  
15 6.500, and secured written approval of the Director.

16 **6.500.130 Change of location**

17           If the licensee changes the location of the place of business, the licensee shall return the  
18 business license to the Director and a new application must be submitted. Each new license  
19 application submitted pursuant to a change of location of the place of business is subject to the  
20 requirements of this Chapter 6.500 and may be denied if any such requirements are not met. A  
21 change of location occurs any time there is any change to the physical location address.

22 **6.500.140 License suspension**

1 In addition to the reasons set forth in Section 6.202.230 as now or hereafter amended, any  
2 license issued under this Chapter 6.500 may be suspended upon a finding that:

3 A. Any amount of marijuana or marijuana product has been sold to any person that is  
4 under the age of 21 years who is not a qualifying patient with a recognition card issued by the  
5 licensee or any of the licensee's owners, officers, managers, employees or agents. Designated  
6 providers with a recognition card may purchase marijuana or marijuana products on behalf of a  
7 qualified patient of any age;

8 B. The licensee or any of its owners, officers, managers, employees, or agents has  
9 violated or failed to comply with any applicable provisions of this Chapter 6.500 or any rule or  
10 regulation prescribed under this Chapter 6.500;

11 C. The licensee or its owners, officers, managers, employees, or agents permitted or  
12 authorized any violation of any of the provisions of this Chapter 6.500 by any person;

13 D. Three or more of any combination of citations, notices of violation, notices of  
14 infraction, charges, complaints, or any other notifications to the licensee that the licensee has  
15 violated any one or more provisions of the Seattle Municipal Code or other applicable law,  
16 including but not limited to applicable development regulations, zoning and building codes,  
17 noise, fire, licensing and health ordinances, laws, rules, and regulations, were issued to the  
18 licensee in any three-month period;

19 E. The licensee does not maintain a current license required under Chapter 5.55 or is in  
20 default in any payment of any license fee or tax, penalty or interest due under Title 5 or Title 6;

21 F. The licensee is a person who has been certified pursuant to RCW 74.20A.320 by the  
22 Washington Department of Social and Health Services as a person who is not in compliance with  
23 a support order. If the person has continued to meet all other requirements for reinstatement

1 during the suspension, reissuance of the license shall be automatic upon the Director's receipt of  
2 a release issued by the Washington Department of Social and Health Services stating that the  
3 licensee is in compliance with the order; or

4 G. The licensee, manager, or any employee or agent of a licensee knew or had reason to  
5 know that a violation of this Chapter 6.500 was occurring or about to occur and such licensee,  
6 manager, employee, or agent failed to either prevent or report to proper law enforcement  
7 authorities the violation.

#### 8 **6.500.145 License revocation**

9 In addition to the reasons set forth in Section 6.202.230 as now or hereafter amended, any  
10 license issued under this Chapter 6.500 may be revoked upon a finding that:

11 A. The licensee has committed three or more violations of this Chapter 6.500 within a  
12 12-month period; or

13 B. The licensee has failed to cure any condition for which a suspension was issued  
14 within 30 days of the time when such condition could have been reasonably cured; or

15 C. The property at which the business is located has been determined by a court to be a  
16 chronic nuisance property as provided in Chapter 10.09.

#### 17 **6.500.147 Suspension or revocation; effective date; length**

18 A. Except for summary suspensions under Section 6.500.150, suspensions or revocations  
19 become effective upon the date of issuance of any notice of suspension or revocation or, in the  
20 event of an appeal, when a final ruling on appeal affirming the Director's findings is issued.

#### 21 B. Length of suspensions

22 1. Unless a time period is specified in a particular section of this Chapter 6.500,  
23 suspensions shall extend until evidence is produced to the Director showing by preponderance

1 that the violation is cured. Where a violation cannot be cured, suspensions shall extend one  
2 month or until the license expires, whichever occurs first. Licensees must submit a written  
3 request for reinstatement to the Director after the period of suspension has passed.

4           2. The Department shall post a suspension notice in a conspicuous place on or  
5 about the licensed premises. The notice shall state that the license has been suspended by order  
6 of the Director.

7           3. During the period of license suspension, the licensee, its manager, employees,  
8 and agents:

9                   a. Are required to comply with all applicable laws;

10                   b. Shall not remove, alter, or cover the posted suspension notice, and may  
11 not permit another person to do so;

12                   c. Shall not place or permit the placement of any statement on the licensed  
13 premises indicating that the premises has been closed for any reason other than as stated in the  
14 suspension notice;

15                   d. Shall not advertise by any means that the licensed premises is closed for  
16 any reason other than as stated in the suspension notice.

17           4. During the period of license suspension:

18                   a. The licensee shall not operate the marijuana business; and

19                   b. No sale, delivery, service, destruction, removal, or receipt of marijuana  
20 or marijuana products shall be conducted by the licensee.

21           5. Upon approval by the Director, a licensee may take necessary measures to  
22 keep current stock that is on hand at the time of the suspension from spoiling or becoming

1 unsalable during a suspension, provided that such measures shall not include processing the  
2 product.

3           6. If the Director has ordered a license suspended, the applicant may contest the  
4 suspension to the Hearing Examiner in the same manner as that provided under Section  
5 6.202.270 to contest license denials, revocations, or refusals to renew.

6           C. Length of Revocation. Revocations shall extend until the end of the annual license  
7 period. The licensee or any person in which the licensee is a principal, or any person who is or  
8 was a principal of the licensee, shall not again be licensed during such period.

9           D. Except in cases involving summary suspension, whenever a timely notice of appeal  
10 under Section 6.202.270 is filed, a licensee may continue to engage in the activity for which the  
11 license is required pending a final decision.

12 **6.500.150 License—Summary suspension**

13           A. Notwithstanding any other provision of this Chapter 6.500, a license may be  
14 summarily suspended, with such suspension to take effect immediately by order of the Director  
15 prior to hearing upon finding that there is reasonable cause to believe that the activity licensed  
16 under this Chapter 6.500 and engaged in by the licensee causes or will cause a clear, substantial,  
17 and imminent hazard to life, safety, property, or privacy.

18           B. Whenever any license is summarily suspended a hearing by the Hearing Examiner  
19 may be requested by the licensee within ten days after the date of suspension. The Director may  
20 waive the ten day requirement upon satisfaction that failure to submit the request was beyond the  
21 control of the licensee. Such hearing shall be held within five days of the request, unless a later  
22 date is agreed to by the licensee, with a minimum 48-hours' notice to the licensee, and shall be  
23 conducted by the Hearing Examiner according to the Hearing Examiner rules for contested cases.

1 The Director shall have the burden of proving by a preponderance of the evidence that the  
2 activity engaged in by the licensee causes or will cause a clear, substantial and imminent hazard  
3 to life, safety, property, or privacy. The Hearing Examiner shall issue the decision within ten  
4 days of the date of the hearing.

5 C. If the applicant does not file a timely request for hearing, the Director's order for  
6 summary suspension shall be final and the suspension shall remain in effect until such time as  
7 the Director determines that the hazard no longer exists.

#### 8 **6.500.160 Seizure or confiscation of marijuana and marijuana products**

9 The Department, its authorized agents, or the Seattle Police Department may seize or  
10 confiscate (1) all marijuana or marijuana products in the possession of a marijuana business that  
11 does not have a valid license issued pursuant to this Chapter 6.500 and that is not exempt  
12 pursuant to subsections 6.500.050.B or 6.500.050.C from obtaining a license, and (2) all  
13 marijuana or marijuana products that do not meet any or all of requirements of this Chapter  
14 6.500 or any rules promulgated pursuant to this Chapter 6.500.

15 Nothing in this Section 6.500.160 shall be construed to limit the authority of any law  
16 enforcement officer to seize or confiscate marijuana or marijuana products pursuant to any other  
17 law.

#### 18 **6.500.170 Penalties**

##### 19 A. Civil Violations

20 The violation or failure to comply with any provision of this Chapter 6.500 shall  
21 constitute a civil violation and shall be enforced under the citation provisions set forth in this  
22 Section 6.500.170 by the Director, provided, however, that this Section 6.500.170 shall not be



1 construed as preventing the enforcement of alternative criminal penalties under Section  
2 6.500.175.

3 B. Citation

4 1. If after investigation the Director determines that the standards or requirements  
5 of provisions of this Chapter 6.500 have been violated, the Director may issue a citation to the  
6 owner and/or other person or entity responsible for the violation. The citation shall include the  
7 following information: (1) the name and address of the person to whom the citation is issued; (2)  
8 a reasonable description of the location of the property on which the violation occurred; (3) a  
9 separate statement of each standard or requirement violated; (4) the date of the violation; (5) a  
10 statement that the person cited must respond to the citation within 15 days after service; (6) a  
11 space for entry of the applicable penalty; (7) a statement that a response must be sent to the  
12 Hearing Examiner and received not later than 5 p.m. on the day the response is due; (8) the  
13 name, address, and phone number of the Hearing Examiner where the citation is to be filed; (9) a  
14 statement that the citation represents a determination that a violation has been committed by the  
15 person named in the citation and that the determination shall be final unless contested as  
16 provided in this Chapter 6.500; and (10) a certified statement of the Director's representative  
17 issuing the citation, authorized by RCW 9A.72.085, setting forth facts supporting issuance of the  
18 citation.

19 2. The citation may be served by personal service in the manner set forth in  
20 RCW 4.28.080 for service of a summons or sent by first class mail, addressed to the last  
21 known address of such person(s). Service shall be complete at the time of personal service, or  
22 if mailed, on the date of mailing. If a citation sent by first class mail is returned as

1 undeliverable, service may be made by posting the citation at a conspicuous place on the  
2 property.

3 C. Response to Citation

4 A person must respond to a citation in one of the following ways:

5 1. Paying the amount of the monetary penalty specified in the citation, in  
6 which case the record shall show a finding that the person cited committed the violation; or

7 2. Requesting in writing a mitigation hearing to explain the circumstances  
8 surrounding the commission of the violation and providing an address to which notice of such  
9 hearing may be sent; or

10 3. Requesting a contested hearing in writing specifying the reason why the  
11 cited violation did not occur or why the person cited is not responsible for the violation, and  
12 providing an address to which notice of such hearing may be sent.

13 4. A response to a citation must be received by the Office of the Hearing  
14 Examiner no later than 15 days after the date the citation is served. When the last day of the  
15 appeal period so computed is a Saturday, Sunday, or federal or City holiday, the period shall  
16 run until 5 p.m. on the next business day.

17 D. Failure to respond. If a person fails to respond to a citation within 15 days of service,  
18 an order shall be entered by the Hearing Examiner finding that the person cited committed the  
19 violation stated in the citation, and assessing the penalty specified in the citation.

20 E. Mitigation hearings

21 1. Date and Notice. If a person requests a mitigation hearing, the mitigation  
22 hearing shall be held within 30 days after written response to the citation requesting a hearing  
23 is received by the Hearing Examiner. Notice of the time, place, and date of the hearing shall be

1 sent to the address specified in the request for hearing not less than ten days before the date of  
2 the hearing.

3           2. Procedure at Hearing. The Hearing Examiner shall hold an informal hearing  
4 that shall not be governed by the Rules of Evidence. The person cited may present witnesses,  
5 but witnesses shall not be compelled to attend. A representative from the Department of  
6 Transportation may also be present and may present additional information, but attendance by  
7 a representative from the Department of Transportation is not required.

8           3. Disposition. The Hearing Examiner shall determine whether the person's  
9 explanation justifies reduction of the monetary penalty. Factors that may be considered in  
10 whether to reduce the penalty include whether the violation was caused by the act, neglect, or  
11 abuse of another.

12           4. Entry of Order. After hearing the explanation of the person cited and any  
13 other information presented at the hearing, the Hearing Examiner shall enter an order finding  
14 that the person cited committed the violation and assessing a monetary penalty in an amount  
15 determined pursuant to subsection 6.500.170.H. The Hearing Examiner's decision is the final  
16 decision of the City on the matter.

17           F. Contested hearing

18           1. Date and Notice. If a person requests a contested hearing, the hearing shall  
19 be held within 60 days after the written response to the citation requesting such hearing is  
20 received.

21           2. Hearing. Contested hearings shall be conducted pursuant to the procedures  
22 for hearing contested cases contained in Section 3.02.090 and the rules adopted by the Hearing  
23 Examiner for hearing contested cases, except as modified by this Section 6.500.170. The

1 issues heard at the hearing shall be limited to those that are raised in writing in the response to  
2 the citation and that are within the jurisdiction of the Hearing Examiner. The Hearing  
3 Examiner may issue subpoenas for the attendance of witnesses and the production of  
4 documents.

5           3. Sufficiency. No citation shall be deemed insufficient for failure to contain a  
6 detailed statement of the facts constituting the specific violation which the person cited is  
7 alleged to have committed or by reason of defects or imperfections, provided such lack of  
8 detail or such defects or imperfections do not prejudice substantial rights of the person cited.

9           4. Amendment of Citation. A citation may be amended prior to the conclusion  
10 of the hearing to conform to the evidence presented if substantial rights of the person cited are  
11 not thereby prejudiced.

12           5. Evidence at Hearing. The certified statement or declaration authorized by  
13 RCW 9A.72.085 shall be prima facie evidence that a violation occurred and that the person  
14 cited is responsible. The certified statement or declaration authorized under RCW 9A.72.085  
15 and any other evidence accompanying the report shall be admissible without further  
16 evidentiary foundation. Any certifications or declarations authorized under RCW 9A.72.085  
17 shall also be admissible without further evidentiary foundation. The person cited may rebut the  
18 Department of Transportation evidence and establish that the cited violation(s) did not occur  
19 or that the person contesting the citation is not responsible for the violation.

20           6. Disposition. The Hearing Examiner shall determine by a preponderance of  
21 the evidence whether the violation occurred. If the Hearing Examiner determines that the  
22 violation occurred, the citation shall be sustained and the Hearing Examiner shall enter an  
23 order finding that the person cited committed the violation and imposing the applicable

1 penalty. If the Hearing Examiner determines that the violation did not occur, the Hearing  
2 Examiner shall enter an order dismissing the citation.

3 7. Final Decision. The Hearing Examiner's decision is the final decision of the  
4 City.

5 G. Failure to appear for hearing

6 Failure to appear for a requested hearing will result in an order being entered finding that  
7 the person cited committed the violation stated in the citation and assessing the penalty specified  
8 in the citation. For good cause shown and upon terms the Hearing Examiner deems just, the  
9 Hearing Examiner may set aside an order entered upon a failure to appear.

10 H. Penalties

11 1. The following penalties shall be assessed for violations of any provision of this  
12 Chapter 6.500 other than Section 6.500.030 and any provision of the Washington Administrative  
13 Code:

14 a. \$500 for the first violation, and

15 b. \$1,000 for each subsequent violation within a 12-month period.

16 2. The following penalties shall be assessed for violations of Section 6.500.030:

17 a. \$1,000 for the first violation, and

18 b. \$1,500 for each subsequent violation within a six-month period.

19 3. Violations of or failure to comply with provisions of the Washington  
20 Administrative Code that have been adopted by the Director pursuant to Section 6.500.100 shall  
21 have the same monetary penalties as those set forth in the applicable provisions of Washington  
22 Administrative Code adopted by the Director.

23 I. Collection of penalties

1           If the person or entity cited fails to pay a penalty imposed pursuant to this chapter, the  
2 penalty may be referred to a collection agency. The cost to the City for the collection services  
3 will be assessed as costs, at the rate agreed to between the City and the collection agency, and  
4 added to the penalty. Alternatively, the City may pursue collection in any other manner allowed  
5 by law.

6           J. Each day a separate violation

7           Each day a person or entity violates or fails to comply with a provision referenced in  
8 Section 6.500.170 may be considered a separate violation for which a citation may be issued.

9           **6.500.175 Alternative criminal penalty**

10           Any person who violates or fails to comply with any of the provisions of this Chapter  
11 6.500 shall be guilty of a misdemeanor subject to the provisions of Chapters 12A.02 and 12A.04,  
12 except that absolute liability shall be imposed for such a violation or failure to comply and none  
13 of the mental states described in Section 12A.04.030 need be proved. The Director may request  
14 the City Attorney to prosecute such violations criminally as an alternative to the citation  
15 procedure outlined in this Chapter 6.500.

16           **6.500.178 Additional relief**

17           The Director may seek legal or equitable relief at any time to enjoin any acts or practices  
18 that violate the provisions of this Chapter 6.500 or abate any condition that constitutes a  
19 nuisance.

20           Section 2. In order to pay for necessary costs and expenses incurred or to be incurred in  
21 order to implement this Chapter but for which insufficient appropriations were made due to  
22 causes that could not reasonably have been foreseen at the time the 2015 Budget was adopted,

1 appropriations for the following items in the 2015 budget are increased from the funds shown, as  
2 follows:

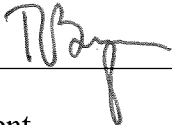
Fund	Department	Budget Control Level	2015 Amount
FAS Operating Fund (50300)	FAS	Revenue and Consumer Protection (A4530)	\$154,000
Planning and Development Fund (15700)	DPD	Code Compliance (U2400)	\$68,000
Planning and Development Fund (15700)	DPD	Planning (U2900)	\$18,000
General Sub-fund (00100)	Finance General	Support to Operating Funds (2QE00)	\$86,000
<b>TOTAL</b>			<b>\$326,000</b>

3  
4 Section 3. Ratify and Confirm. Any act consistent with the authority of this ordinance  
5 taken after its passage and prior to its effective date is ratified and confirmed.

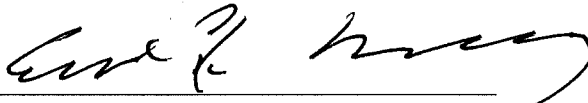
6 Section 4. Severability. The several provisions of this ordinance are declared to be  
7 separate and severable and an order of any court of competent jurisdiction holding invalid any  
8 clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or holding invalid  
9 the application thereof to any person or circumstance shall not affect the validity of the  
10 remainder of this ordinance or the validity of its application to other persons or circumstances.

1 Section 5. This ordinance shall take effect and be in force 30 days after its approval by  
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it  
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.


4 Passed by a 3/4 vote of all the members of the City Council the 13<sup>th</sup> day of  
5 JULY, 2015, and signed by me in open session in authentication of its  
6 passage this 13<sup>th</sup> day of JULY, 2015.

7  
8   
9 President \_\_\_\_\_ of the City Council

10  
11 Approved by me this 17 day of JULY, 2015.

12  
13   
14 Edward B. Murray, Mayor

15  
16 Filed by me this 17<sup>th</sup> day of JULY, 2015.

17  
18   
19 Monica Martinez Simmons, City Clerk

20  
21  
22 (Seal)



David B. Mendoza  
MO Business Regulatory License SUM  
June 2, 2015  
#D2

**BILL SUMMARY & FISCAL NOTE**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>Executive Contact/Phone:</b>
Office of Policy and Innovation	David B. Mendoza 386-1256	Robert Feldstein 386-1320

**1. BILL SUMMARY**

**Legislation Title:** AN ORDINANCE related to the regulation of marijuana businesses; adding a new Chapter 6.500 to the Seattle Municipal Code; amending Ordinance 124648, which adopted the 2015 Budget, changing appropriations to various departments and budget control levels, making cash transfers between various City funds; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

**Summary and background of the Legislation:** The proposed regulatory business license will ensure that city departments can inspect Title VI businesses and that businesses are fully compliant with our building codes, among other city regulations. Incorporating Washington State Liquor and Cannabis Board rules will allow city officials to enforce rules which are of concern to community members including operating hours, age verification and signage.

In addition, the combined effect of the regulatory license with the proposed marijuana enforcement resolution will allow city officials to address the problem of the metastasizing non-state licensed marijuana establishments. In the two and half years since Initiative 502 in passed in Washington State, there has been an uncontrolled growth of non-state licensed marijuana businesses in Seattle.

Since the passage of the Initiative 692, the City of Seattle has allowed patients, caregivers and designated providers to alleviate their pain and suffering with the medical use of cannabis. However, the proliferation of storefronts raises serious doubts as to whether those operating stores are taking advantage of the tolerance the City has shown towards medical marijuana and are providing marijuana for recreational purposes while circumventing the regulatory scheme for that product.

Among the concerns raised by community members, law enforcement and school district officials are: the increasing presence of marijuana edibles confiscated from students, armed robberies from dispensaries, and dispensaries that are providing marijuana to persons without medical authorization.

If a business is able to show that they established their operations before January 2013, that business will be able to continue operations, pending their adherence to the proposed Enforcement Resolution, without a Title VI license, until July 2016. The regulatory license makes clear that operations established after January 2013 must obtain a regulatory business license and as such must close soon after enactment of the proposed regulatory license. This key component of the proposal will allow the City of Seattle to reduce the size of this previously unregulated aspect of the marijuana market while still allowing sufficient access to medicine for

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qualifying patients.

Further, the enforcement resolution provides clear operating guidelines for the approximately 45 businesses exempted from the requirement to obtain a regulatory business license so as to ensure that concerns about underage access, clustering of locations and quality controlled product for patients are addressed.

These proposals aim to address the significant public health and safety concerns raised by the marijuana industry while creating a clear set of rules that will allow scrupulous businesses to grow and thrive within the City of Seattle.

**2. CAPITAL IMPROVEMENT PROGRAM**

This legislation creates, funds, or amends a CIP Project.

**3. SUMMARY OF FINANCIAL IMPLICATIONS**

This legislation has direct financial implications.

<b>Budget program(s) affected:</b>				
<b>Estimated \$ Appropriation change:</b>	<b>General Fund \$</b>		<b>Other \$</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
	<b>\$86,000</b>	<b>\$145,000</b>	<b>\$240,000</b>	<b>\$392,000</b>
<b>Estimated \$ Revenue change:</b>	<b>Revenue to General Fund</b>		<b>Revenue to Other Funds</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
	<b>\$0</b>	<b>\$0</b>	<b>\$168,000</b>	<b>\$247,000</b>
<b>Positions affected:</b>	<b>No. of Positions</b>		<b>Total FTE Change</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
	<b>4.0</b>	<b>4.0</b>	<b>3.8</b>	<b>3.8</b>
<b>Other departments affected:</b>				

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### 3.a. Appropriations

X This legislation adds, changes, or deletes appropriations.

Fund Name and number	Dept	Budget Control Level Name/#*	2015 Appropriation Change	2016 Estimated Appropriation Change
FAS Operating Fund (50300)	FAS	Revenue and Consumer Protection (A4530)	\$154,000	\$277,000
Planning and Development Fund (15700)	DPD	Code Compliance (U2400)	\$68,000	\$97,000
Planning and Development Fund (15700)	DPD	Planning (U2900)	\$18,000	\$18,000
General Sub-fund (00100)	Finance General	Support to Operating Funds (2QE00)	\$86,000	\$145,000
<b>TOTAL</b>			<b>\$326,000</b>	<b>\$537,000</b>

#### Appropriations Notes:

FAS costs include 3.0 permanent positions and the associated office supplies, computers and system modifications beginning in July 2015. The positions include 2.0 Senior License and Standards Inspectors and 1.0 Administrative Specialist II.

DPD costs include a 0.8 Housing/Zoning Inspector, Sr. position for Code Enforcement, along with one-time costs for a vehicle and temporary labor for Planning Services to update code, policies and conduct a SEPA review. The Housing/Zoning Inspector, Sr. position is scheduled to sunset December 31, 2017.

The General Sub-fund appropriation transfers funds to support the DPD expenditures and FAS expenditures not otherwise covered by the anticipated revenue.

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**3.b. Revenues/Reimbursements**

  X   This legislation adds, changes, or deletes revenues or reimbursements.

**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

<b>Fund Name and Number</b>	<b>Dept</b>	<b>Revenue Source</b>	<b>2015 Revenue</b>	<b>2016 Estimated Revenue</b>
FAS Operating Fund (50300)	FAS	Title 6 License Revenue	\$168,000	\$247,000
<b>TOTAL</b>			<b>\$168,000</b>	<b>\$247,000</b>

Revenue/Reimbursement Notes:

Each Marijuana Retail and Producer/Processor business will be required to obtain a Title 6 Business License. Businesses located within the City of Seattle will be charged \$1,000 per year and those located outside the City which do business within City limits will be charged \$500 per year. It is estimated that there are about 118 businesses which will be permitted to operate within City limits which will apply for the Title 6 license and 100 businesses operating outside City limits and selling products within the City. These businesses include retailers as well as producer/processors. In 2016, businesses which are currently pending authorization under I-502 are expected to begin operations which will increase the business count and licensing revenue.

These program related revenues will be part of FAS operating revenues to cover the program enforcement costs.

In addition, the State Legislature is currently considering House Bill 2136 which would direct the State to share marijuana tax revenue with local governments. The Association of Washington Cities estimates that if this bill were passed as proposed, the City of Seattle would receive approximately \$300,000 per year.

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### 3.c. Positions

X This legislation adds, changes, or deletes positions.

**Total Regular Positions Created, Modified, or Abrogated through this Legislation,  
 Including FTE Impact:**

Position # for Existing Positions	Position Title & Department*	Fund Name & #	Program & BCL	PT/FT	2015 Positions	2015 FTE	Does it sunset?
New	License and Standards Inspector	FAS Operating Fund (50300)	Revenue and Consumer Protection (A4530)	FT	1.0	1.0	No
New	License and Standards Inspector	FAS Operating Fund (50300)	Revenue and Consumer Protection (A4530)	FT	1.0	1.0	No
New	Admin Spec II	FAS Operating Fund (50300)	Revenue and Consumer Protection (A4530)	FT	1.0	1.0	No
New	Housing/ Zoning Insp., Sr.	Planning and Development Fund (15700)	Code Compliance (U2400)	FT	1.0	0.8	Yes
<b>TOTAL</b>					<b>4.0</b>	<b>3.8</b>	

#### Position Notes:

The work generated by the enactment of the accompanying enforcement Resolution, this Council Bill to create Chapter 6.500 and the Council Bill to amend Section 5.55.230 of the Seattle Municipal Code requires additional staff in the Revenue and Consumer Protection Division of the FAS Department. Two License and Standards Inspector positions are needed to perform inspections to document and process the businesses selling marijuana and shut-down those which are non-compliant. In addition, data compilation and analysis requires an Administrative Specialist II to document and record the actions taken and to identify other businesses selling marijuana without license to do so.

In addition, DPD will require a 0.8 FTE Housing/Zoning Inspector, Sr. which will sunset at the end of 2017 after the major enforcement and inspection effort is completed.

#### 4. OTHER IMPLICATIONS

- a) **Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?**

The Law, Development and Planning and Finance and Administrative Services Departments anticipate additional costs for legal process, set up of systems for additional reporting functionality, and changes to code. Some of these costs are still unknown and will depend on the initial processing of non-compliant businesses. If needed, additional resources will be requested by departments through the 2016 budget process.

- b) **Is there financial cost or other impacts of not implementing the legislation?**

Aside from police response to burglaries, robberies and other associated public safety issues that have been related to unregulated marijuana businesses it is unclear what the direct cost is to the City of Seattle. However, communities are concerned about rise in property crime surrounding some marijuana businesses and how the impact of 3-4 businesses in the same building or block have been changing the character of their neighborhoods. Also, there has been an attendant rise in the marijuana confiscations at Seattle Public Schools which reports that 77% of all drug/alcohol disciplinary actions are now marijuana related.

Finally, by allowing unregulated, untaxed marijuana businesses to continue unabated the City will lose the potential revenue to be gained from the legal marijuana businesses which acquire business licenses and pay B&O and Sales taxes.

- c) **Does this legislation affect any departments besides the originating department?**

The Department of Finance & Administrative Services, Department of Planning and Development, Seattle Fire Department, Seattle Police Department and the Hearing Examiner will all have responsibilities related to inspections or enforcement as a result of this legislation.

- d) **Is a public hearing required for this legislation?**

No.

- e) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No.

- f) **Does this legislation affect a piece of property?**

No.

David B. Mendoza  
MO Business Regulatory License SUM  
June 2, 2015  
#D2

**g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?**

Initiative 502 was passed in Washington State in large part as a way to address the disproportionate impact criminal prosecutions for marijuana possession and distribution has on ethnic and low-income communities in the state. This legislation seeks to further that goal by creating greater authority for City departments to utilize civil code enforcement to avoid the negative consequences of enforcement of the criminal code alone.

**h) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.**

When combined with the proposed marijuana enforcement resolution, the main goal of this new effort at regulating marijuana establishments in Seattle will be to close the approximately 54 non-state licensed storefronts that have opened since January 2013. Another goal is to ensure that access to marijuana by those under 21 or non-qualifying patients from these unregulated establishments is significantly reduced or eliminated entirely.

How these program goals will be measured, primarily related to timeline and data collection, has yet to be determined. These issues will be addressed by the interdepartmental team working on marijuana enforcement.

**i) Other Issues:**

None.

**List attachments below:**

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STATE OF WASHINGTON -- KING COUNTY

--SS.

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326943

No. 124810,809,808,807,806

CITY OF SEATTLE, CLERKS OFFICE

**Affidavit of Publication**

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12<sup>th</sup> day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

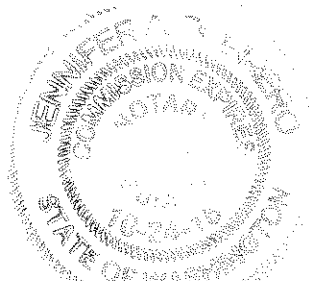
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:TITLE ONLY RESOLUTION

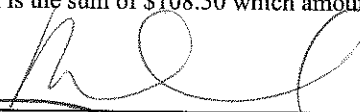
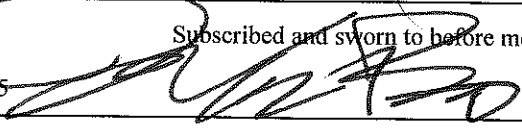
was published on

07/31/15

The amount of the fee charged for the foregoing publication is the sum of \$108.50 which amount has been paid in full.



Affidavit of Publication

  
Subscribed and sworn to before me on  
07/31/2015 

Notary public for the State of Washington,  
residing in Seattle



# State of Washington, King County

## City of Seattle Title Only Ordinances

The full text of the following legislation, passed by the City Council on July 13, 2016, and published below by title only, will be mailed upon request, or can be accessed at <http://clerk.seattle.gov>. For information on upcoming meetings of the Seattle City Council, please visit <http://www.seattle.gov/council/calendar>.

Contact: Office of the City Clerk at (206) 684-8344.

### Ordinance 124810

AN ORDINANCE related to cable television; authorizing the Mayor or his designee to enter into a new Cable Television Franchise Agreement and an agreement regarding additional public benefits with Qwest Broadband Services, Inc. d/b/a CenturyLink; authorizing the Chief Technology Officer to enter into other agreements for the purpose of implementing or administering the new franchise; increasing appropriations in the 2015 budget of the Department of Information Technology for costs incurred in processing the franchise application; and transferring cash received for processing the franchise application; all by a 3/4 vote of the City Council.

### Ordinance 124809

AN ORDINANCE providing the Office of City Auditor independent audit authority, including access to employer records, after a case is closed by the Seattle Office for Civil Rights (SOCR) in order to evaluate SOCR's enforcement efforts of Chapters 14.16, 14.17, 14.19, and 14.20 of the Seattle Municipal Code (SMC); amending Sections 3.40.040, 14.16.060, and 14.20.050 of the SMC; and creating a new Section 14.19.065 of the SMC.

### Ordinance 124808

AN ORDINANCE related to business licenses; amending Sections 5.30.030, 5.30.060, 5.32.150, 5.40.060, 5.40.080, 5.40.085, 5.45.110, 5.55.030, 5.55.040, 5.55.220, and 5.55.230 of the Seattle Municipal Code; and adding a new Section 5.55.238 to the Seattle Municipal Code.

### Ordinance 124807

AN ORDINANCE related to the regulation of marijuana businesses; adding a new Chapter 6.500 to the Seattle Municipal Code; amending Ordinance 124648, which adopted the 2015 Budget, changing appropriations to various departments and budget control levels, making cash transfers between various City funds; and ratifying and confirming certain prior acts; all by a 3/4 vote of the City Council.

### Ordinance 124806

AN ORDINANCE relating to the City Light Department; approving a 15-year franchise to construct, operate, maintain, replace, and repair an electrical light and power system in, across, over, along, under, through, and below certain designated public rights-of-way in the City of Lake Forest Park.

Date of publication in the Seattle Daily Journal of Commerce, July 31, 2015.

7/31(326943)