

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Legislative	Rebecca Herzfeld/684-8148	Not applicable

Legislation Title:

AN ORDINANCE relating to land use and zoning, creating a new Section 23.42.058 and amending Sections 23.50.012, 23.84A.018, and 23.84A.025 of the Seattle Municipal Code to establish locational restrictions on the production, processing, selling, or delivery of marijuana and to make a minor modification to existing allowances for agricultural uses in certain industrial areas.

Summary of the Legislation:

The proposed bill would establish regulations for the production, processing, selling, or delivery of marijuana in certain areas within Seattle. The legislation would accomplish this by establishing restrictions on the production, processing, selling, or delivery of marijuana in:

1. Single-family zones
2. Multifamily zones
3. Neighborhood Commercial 1 zones
4. The following Downtown zones:
 - Pioneer Square Mixed
 - International District Mixed
 - International District Residential
 - Downtown Harborfront 1
 - Downtown Harborfront 2
 - Pike Market Mixed.
5. The following historic and special review districts:
 - Ballard Avenue Landmark District
 - Columbia City Landmark District
 - Fort Lawton Landmark District
 - Harvard-Belmont Landmark District
 - International Special Review District
 - Pike Place Market Historical District
 - Pioneer Square Preservation District
 - Sand Point Overlay District.

The intent of the changes is to prevent the location of larger commercial operations in areas where they could have adverse impacts, without affecting the individual collective gardens envisioned for medical use by the State rules. The proposed legislation would also implement a size limit for indoor agricultural operations in industrial areas and make a minor change to clarify the intent of existing allowances for certain agricultural uses in industrial areas.

Background:

The proposed ordinance was developed in response to the new State legislation (the Medical Use of Cannabis Act and Initiative 502) and is based on the work of an interdepartmental team consisting of City staff and representatives of the Mayor, City Council, and City Attorney. A stakeholder group of medical-marijuana industry representatives was also convened to provide feedback on the proposal. In the fall of 2012, Councilmembers Clark and Licata also discussed the proposal at District Council meetings throughout the city to gain feedback on the proposal. Department of Planning and Development (DPD) estimates that there were about 150 marijuana-related businesses operating within Seattle as of July 2012.

Please check one of the following:

This legislation does not have any financial implications.

(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

Yes, this proposal will change the way in which DPD compliance staff responds to complaints received from the public about the production, processing, selling, or delivery of marijuana. Under existing provisions, DPD received about 16 complaints regarding the location of activities involving marijuana during an 18-month period from June 2011 to December 2012. In response to these complaints, compliance staff sought to determine compliance with existing codes, such as the Land Use, Building, and Electrical Codes. Under the proposed regulations, staff would also be expected to assess the amount of marijuana plants, marijuana products, and usable marijuana on-site. This analysis would add time to individual enforcement actions. At the same time, new regulations may help reduce conflicts and thus the number of complaints by establishing clear expectations about the appropriate scale of production, processing, selling, or delivery of marijuana in various neighborhoods.

Overall, it is likely that the rules would result in a minor increase in the amount of time that code compliance staff dedicate to this issue. Given the scale of this increase, DPD anticipates that the increase can be handled within existing resources.

b) What is the financial cost of not implementing the legislation?

The lack of clarity in existing regulations regarding the location of agricultural uses in industrial areas has added significant time to the DPD review of permits for proposals that include an agricultural use in an industrial area. As these costs are largely offset by increased permit fees, DPD believes that the cost of not implementing the legislation would not be significant.

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

Compliance cases that cannot be resolved without legal action will be referred to Law for additional enforcement work.

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

The City could regulate activities involving the production, processing, selling, or delivery of marijuana as a separate land use, which would trigger the requirement of a use permit when locating these facilities. This alternative would tend to shift costs from compliance to permit review. However, it could lead to potential legal issues resulting from permitting activities that are considered illegal under federal law.

e) Is a public hearing required for this legislation?

Yes, a public hearing will be held by City Council.

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

Notice of the public hearing will be published in the Daily Journal of Commerce.

g) Does this legislation affect a piece of property?

No.

h) Other Issues: None.