



**TO:** T.C. Broadnax, City Manager  
**FROM:** Brian Boudet, Planning Division Manager, Planning and Development Services  
Peter Huffman, Interim Director, Planning and Development Services  
**COPY:** City Council and City Clerk  
**SUBJECT:** Ordinance – Adopting Marijuana Interim Regulations – Requested City Council Date:  
October 29, 2013  
**DATE:** October 14, 2013

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**SUMMARY:**

An ordinance adopting the proposed interim land use regulations concerning the production, processing and retail sale of recreational marijuana. The interim regulations are being proposed as a land use and zoning action in response to the voter-approved Initiative 502.

**BACKGROUND:**

Initiative 502, approved by Washington voters in November 2012, provides a framework for licensing and regulating the production, processing, and retail sale of recreational marijuana. The Washington State Liquor Control Board (“WSLCB”) is tasked with establishing rules and procedures to implement Initiative 502. According to the WSLCB’s current timeline, the rules would become effective on November 16 and the State would begin accepting applications for all license types on November 18, 2013.

It is in the best interest of the City to pursue land use and zoning options to provide policy and regulatory guidance to facilitate the review, in a proactive and timely manner, of those marijuana license applications within the City limits that are expected to come forward in November 2013. To that end, the City Council initiated the consideration of interim land use regulations on October 1, 2013 and will conduct a public hearing on October 22, 2013. The Planning Commission is scheduled on October 16, 2013 to adopt its findings and a recommendation, pursuant to the Tacoma Municipal Code Section 13.02.055, concerning the appropriate duration and scope of the interim regulations. The City Council will be holding a study session on October 22, 2013 to review the Planning Commission’s recommendation and the draft regulations, and another study session on October 29 to review the testimony received at the October 22<sup>nd</sup> public hearing.

**ISSUE:**

Issues and impacts associated with Initiative 502 generally fall into the categories of licensing, enforcement, and land use/zoning, among others. In terms of land use, there are a number of issues that must be addressed when the City reviews applications forwarded by the WSLCB. These issues include, but are not limited to: definition of marijuana-related uses, designation of zoning districts where such uses are permitted or prohibited, and application of sensitive use buffering. While more permanent solutions to these issues are being deliberated, the proposed interim regulations would provide effective policy and regulatory guidance for reviewing the marijuana applications in the interim.

**ALTERNATIVES:**

In terms of land use actions in response to Initiative 502, alternatives to the interim regulations which have been discussed with City Council included “do-nothing,” enacting a moratorium, and adopting permanent regulations. The “do-nothing” option does not allow the City to consider the desired and necessary local controls of the matter over and beyond what the WSLCB’s rules entail. Enacting a



moratorium is essentially deferring the necessary action to a later date and it remains unclear how local moratoria will be viewed in relation to licenses that could be issued by the State. Developing and adopting permanent regulations involves a longer process, and is not as timely and flexible as the interim regulations, which would enable the City to proactively address the issue and respond to license requests, and deliberate improvements in the scope of permanent regulations over time.

**RECOMMENDATION:**

The City Council is requested to consider the first reading of on October 29, 2013 to adopt interim land use regulations for recreational marijuana uses. The proposed interim regulations would adopt marijuana-specific uses (Marijuana Production, Marijuana Processing, and Marijuana Retail); provide zoning and development standards concerning each of these three new uses; and add Urban Horticulture as a new use category.

This action will trigger the subsequent steps necessary to accomplish the imposition of the interim regulations by mid-November, as outlined below:

- October 29 City Council – First reading of ordinance adopting the Interim Regulations
- November 5 City Council – Final reading of ordinance adopting the Interim Regulations
- November 16 WSLCB Rules become effective
- November 17 Interim Regulations Effective – For 6 months, through May 16, 2014
- November 18 WSLCB begins accepting applications for all license types

**FISCAL IMPACT:**

The full impacts of Initiative 502 implementation, including any local regulations, are largely unknown as this involves the formation of a completely new industry, based on new, untested rules and an undetermined level of demand. While recent state guidance has clarified that Tacoma may get up to eight retail outlets, the actual number will not be known until the state opens the licensing process. In addition, while the additional regulations being contemplated at the local level will likely create a small enforcement impact, most of the standards regarding recreational marijuana uses will exist at the state level and the state’s role in enforcement remains unclear.

With regards to taxation, all of the excise tax revenue generated by this new industry is being captured at the state level, and thus direct financial benefits to the City are largely dependent on separate discussions regarding the local licensing of these businesses. Other positive financial impacts could include expanded employment opportunities and increased sales tax revenue, but these are inherently difficult to quantify for this brand new industry.