



TO: Mayor & City Council
FROM: Deputy Mayor Keith Blocker and Council Assistant Claire Goodwin
COPY: Elizabeth Pauli, City Manager; Tadd Wille, Deputy City Manager; Bill Fosbre, City Attorney
SUBJECT: Resolution – Social Equity Cannabis Licenses – July 14, 2020
DATE: July 6, 2020

SUMMARY AND PURPOSE:

A Resolution to reserve the City’s unused allotted retail cannabis licenses for social equity applicants per the definition in Washington State’s E2SHB 2870 (Chapter 236, 2020 Laws)¹ and to request, if possible, eight additional retail cannabis licenses be granted to the City of Tacoma for social equity applicants from the newly formed Legislative Task Force on Social Equity in Marijuana as soon as practicable.²

The purpose of this policy is to provide Black Tacoma residents and other social equity applicants in the City the opportunity to pursue the remaining allotment and any future increase in cannabis retail licenses. The purpose is to acknowledge that these individuals may have been negatively impacted by the war on drugs or have been disproportionately impacted by the enforcement of marijuana prohibition laws and to recognize that these residents deserve to have entrance priority to the cannabis retail industry moving forward.

COUNCIL SPONSORS:

Mayor Victoria Woodards
Deputy Mayor Keith Blocker
Council Members Catherine Ushka

BACKGROUND:

Retail cannabis is a growing business in the City of Tacoma with ~\$6.5 million in product sold monthly in the City. The City has been allotted 16 retail cannabis licenses by the Washington State Liquor and Cannabis Board and as of the date of this proposal, has distributed 14 leaving two available. Any sale of recreational marijuana or medical marijuana, other than by a state-licensed retailer is criminal, as is any production or processing of marijuana for sale outside the state-licensed regulated system.

Equity is a key driver in policy-making in the City of Tacoma. Unfortunately, Black Americans have been under-represented in the City's cannabis industry, particularly in areas most impacted by the war on drugs. According to the Washington State Commission on African American Affairs, Black American-owned cannabis businesses make up only 1% of the entire statewide market and racial disparities persist even after the statewide voter-approved initiative 502 in 2012 that legalized the recreational use of cannabis. According to research from Washington State University’s Crime, Cannabis, and Police Research Group, in 2009, the cannabis sales’ arrest rate for Black Americans was 3.08 times greater than for White Americans. By 2015, after passage of initiative 502, it was 7 times greater than for Whites.³

¹ <https://app.leg.wa.gov/billsummary?BillNumber=2870&Year=2019&Initiative=false>

² https://lcb.wa.gov/marj/social_equity_workgroup

³ <https://adai.uw.edu/mjsymposium/slides/2018/Willits.pdf>



On March 31, 2020, Governor Jay Inslee signed in to law E2SHB 2870 (Chapter 236, 2020 Laws) that establishes a Marijuana Social Equity Program. The program authorizes the Liquor and Cannabis Board to issue previously forfeited, cancelled, revoked, and unissued marijuana retailer licenses to eligible applicants adversely affected by the enforcement of marijuana prohibition laws.

According to E2SHB 2870 (Chapter 236, 2020 Laws), a social equity applicant is an applicant with majority ownership and control by at least one individual who has resided in a disproportionately impacted area for at least five of the preceding 10 years or has been convicted of a misdemeanor marijuana offense or is a family member of such an individual. A "disproportionately impacted area" is a census tract or comparable geographic area with a high rate of: (1) poverty and unemployment; (2) participation in income-based or state programs and; (3) arrest, conviction, or incarceration related to the sale, possession, use, cultivation, manufacture or transport of cannabis.

COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:

Those most likely to be impacted by this proposal would be residents who are interested in entering the cannabis retail business in the City of Tacoma and who qualify as a social equity applicant for the social equity licenses. This will bring more diversity into the cannabis retail business with a focus on communities who have been most adversely affected by marijuana prohibition laws.

2025 STRATEGIC PRIORITIES:

Equity and Accessibility: (Mandatory)

This Resolution will reduce racial and other inequities in the City by reserving the future cannabis retail market in the City for those who have been most impacted by marijuana prohibition laws or who have lived 5 of the past 10 years in a neighborhood with a high rate of poverty and arrest or incarceration related to cannabis.

Economy/Workforce: Equity Index Score: Moderate Opportunity

Increase the number of diverse livable wage jobs.
Increase positive public perception related to the Tacoma economy.

Livability: Equity Index Score: Moderate Opportunity

Improve access and proximity by residents to diverse income levels and race/ethnicity to community facilities, services, infrastructure, and employment.

Explain how your legislation will affect the selected indicator(s).

The Resolution will: 1) increase the number of diverse livable wage jobs by advocating for additional licenses which will promote small retail cannabis business entrepreneurship and jobs; 2) increase positive public perception related to the Tacoma economy by advancing Black retail cannabis ownership in a state where only 1% of retail cannabis is owned by Black Washingtonians; and 3) improve access and proximity by residents to diverse income levels and race/ethnicity to community facilities, services, infrastructure, and employment by adding options for additional cannabis retail entrepreneurship reserved for social equity applicants.



ALTERNATIVES:

Alternative(s)	Positive Impact(s)	Negative Impact(s)
1. Support incubators for Black-owned retail cannabis	Would provide resources and mentorship for individuals interested in entering the retail cannabis market	Costly to the City and time consuming
2. Do nothing	None	Lost opportunity to promote racial equity in cannabis retail

EVALUATION AND FOLLOW UP:

Success will be achieved if the City is allotted additional retail cannabis licenses for social equity applicants by the Liquor and Cannabis Board through the newly formed Legislative Task Force on Social Equity in Marijuana. If additional licenses are granted, an Ordinance would be proposed to amend the Tacoma Municipal Code to allow for the increase.

RECOMMENDATION:

The recommendation is to reserve the City’s unused allotted retail cannabis licenses for social equity applicants per the definition in Washington State’s E2SHB 2870 (Chapter 236, 2020 Laws) and to request, if possible, eight additional retail cannabis licenses be granted to the City of Tacoma for social equity applicants from the newly formed Legislative Task Force on Social Equity in Marijuana as soon as practicable.

FISCAL IMPACT:

Increasing the number of retail cannabis licenses available in the City will likely result in an increase in revenue generated by the Marijuana Excise Tax which applies to the sale of retail cannabis. This revenue is paid to the State, but the City receives a portion.⁴ There are no expenditures anticipated as a result of this Resolution.

What funding is being used to support the expense?

NA

Are the expenditures and revenues planned and budgeted in this biennium’s current budget?

NA

Are there financial costs or other impacts of not implementing the legislation?

No

Will the legislation have an ongoing/recurring fiscal impact?

YES - Through new revenue

Will the legislation change the City’s FTE/personnel counts?

No

ATTACHMENTS:

- Social Equity Cannabis Licenses CCR
- Social Equity Cannabis Licenses Policy Development Flowchart

⁴ <http://fiscal.wa.gov/OSTDocs/Marijuana%20Excise%20Tax081.pdf>