

Preliminary Research Summary- Marijuana Retail Stores

11/18/20

Where we are now- City of Lynnwood

Initiative 502 was passed by the state of Washington in 2012.

In 2014 a public hearing was held, and a temporary ordinance was adopted to prohibit marijuana sales and production within the city of Lynnwood for 6 months.

- 4 more 6-month extensions took place in 2014 and 2015
- During these discussions, several marijuana lobbyists and business owners were given the opportunity to share information with the council.
 - Several members of the public spoke out for the prohibition extension.

In June of 2015, Ordinance 3136 passed on June 15, 2015 prohibits 1) retail sales, production, and processing of marijuana and/or marijuana-infuse products and 2) medical marijuana collective gardens.

In 2019, Regulations for the City Center Zones was amended to prohibit these activities within the City Center (Ordinance 3336; May 13, 2019).

SOURCE: City Council Minutes Records, 2014-2020.

Tax Revenue***

One benefit cited for allowing marijuana operations is the tax revenue collected from retail sales. This revenue is collected by the state and then a portion is redistributed back to the cities and counties who do not prohibit these businesses.

- The amount distributed back to local governments is determined by the legislature. The current two-year budget calls for \$15,000,000 (3.9%) of the \$395,000,000 collected from sales and licensing is distributed to local governments.
- The amount passed back to each city and county is calculated based on a combination of 1) population and 2) \$ retail sales. Then 50% is given to the city and 50% is given to the county.
- As an example, below are the annual distributions to neighboring communities with similar populations who do not prohibit these businesses:
 - Longview \$91,000
 - Mt. Vernon \$65,000
 - Edmonds \$71,000
 - Issaquah \$77,000
- *Note: Local governments are not permitted to impose an additional tax on these businesses.*

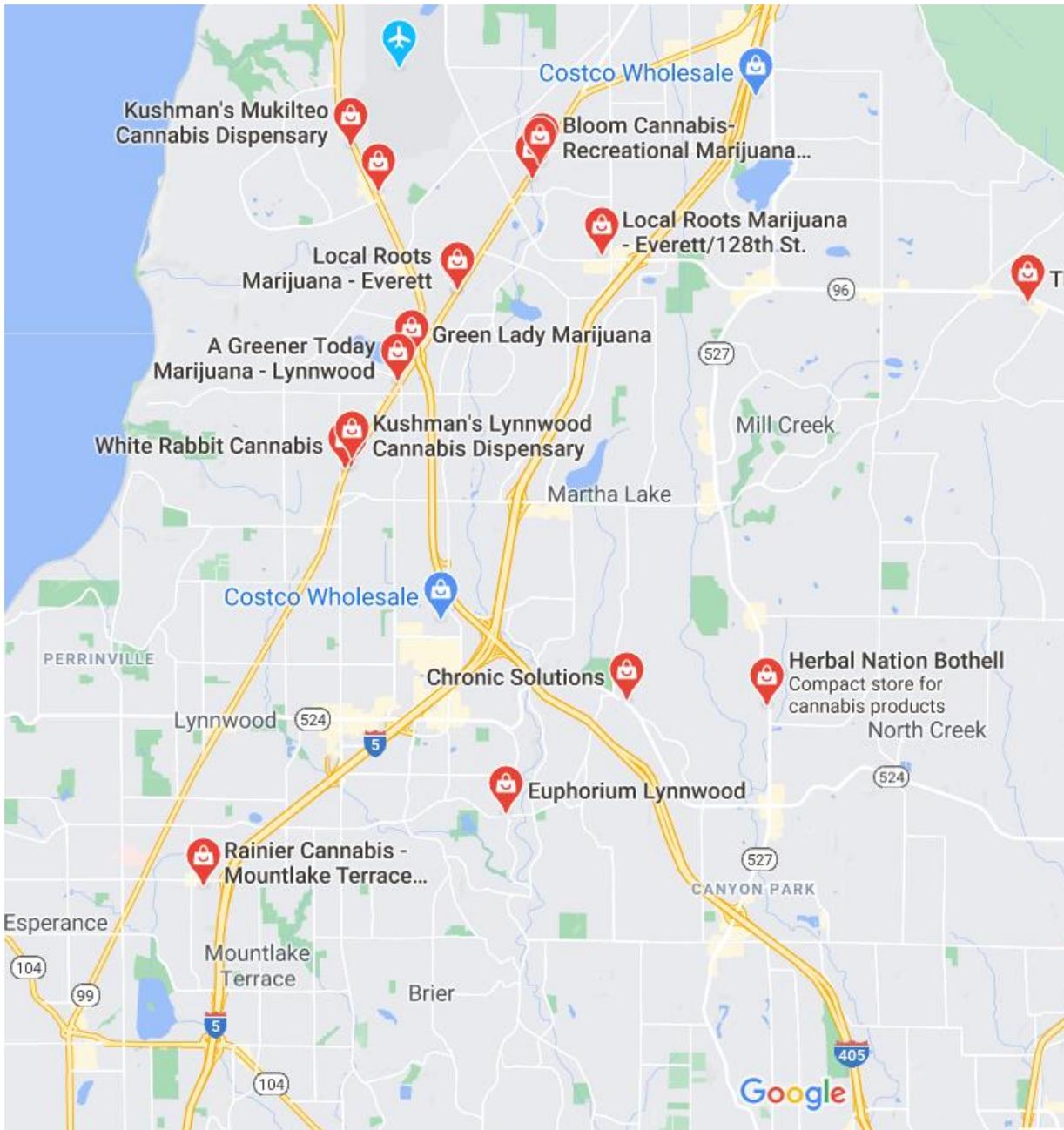
Another question was whether it was a risk given that federal banks would not support these operations.

- Doing business in cash is still an important issue for marijuana businesses, but there are several state-chartered banks and credit unions providing banking services. The percentage of retailers with bank accounts is very high.

**** SOURCE: Chief Financial Officer Jim Morgan, Washington State Liquor and Cannabis Board, November 2020*

Accessibility for Lynnwood residents **

Currently there are 16 Cannabis retailers within a 6-mile area of Lynnwood city hall.



SOURCE: GOOGLE MAPS, 2020

Washington City Options*

Minimum Buffer Distance RCW 69.50.331(8) requires licensed marijuana producers, processors or retailers to be located at least 1,000 feet from the following entities:

- Elementary or secondary school; Playground; Recreation center or facility; Childcare center; Public park; Public transit center; Library; or any game arcade (where admission is not restricted to persons age 21 or older).

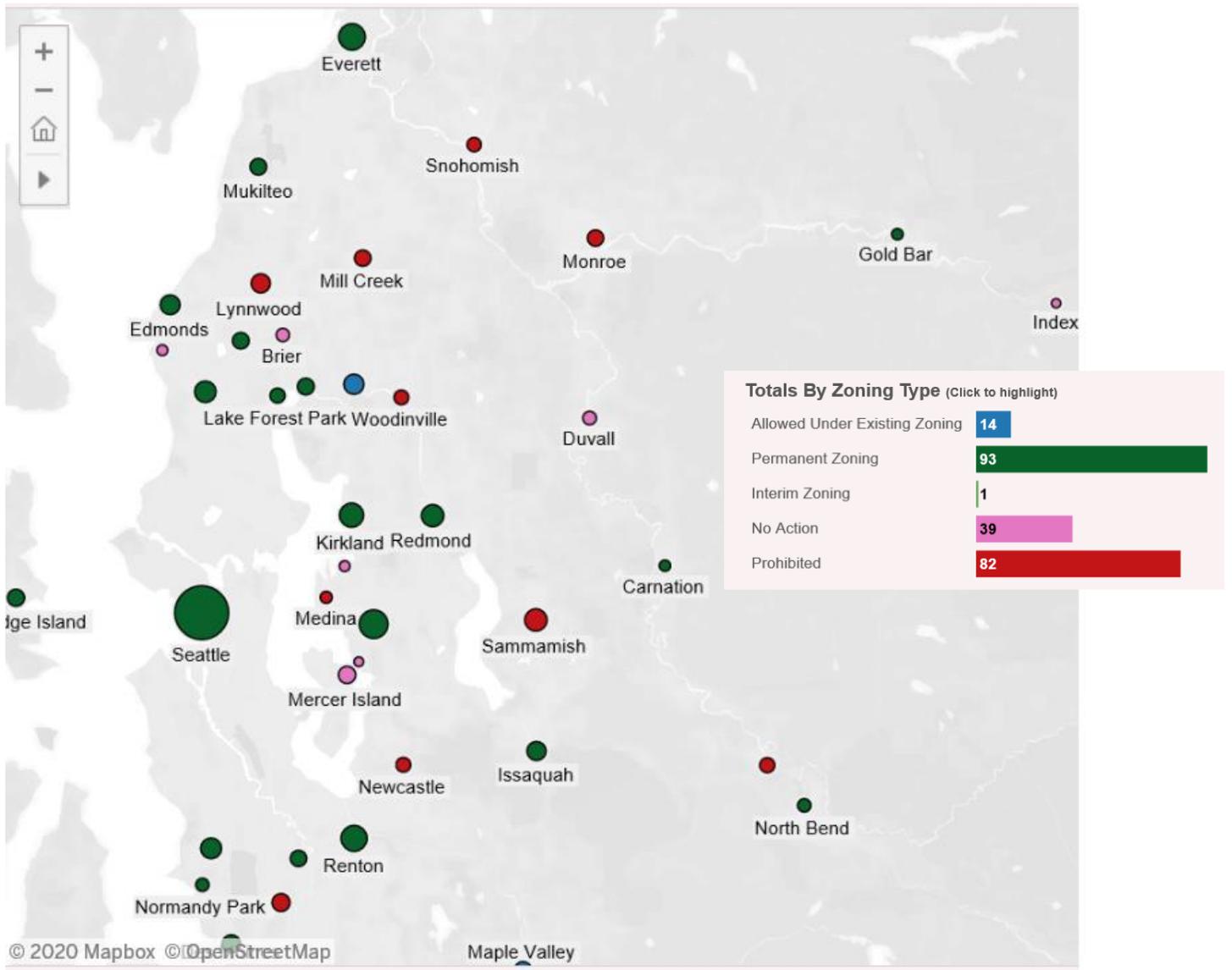
Local governments may reduce the 1,000 feet buffer to 100 feet around all entities except elementary and secondary schools, and public playgrounds by enacting an ordinance authorizing the distance reduction. See RCW 69.50.331(8)(b).

Options for regulations include:

1. **Reduce Buffer Zones** i.e. Shelton Municipal Code Sec. 20.72.020 – Reduces buffers to 500 feet for researchers, processors, and producers (not retailers) for childcare centers, arcades, libraries, public parks, public transit centers, and rec. facilities. Keeps 1,000-foot buffer for other entities (schools, etc.).
2. **Allow Medical Marijuana Cooperatives** i.e. Tacoma Amended (2016) – Provides that cooperatives must be operated in a manner that is clearly secondary to the primary use of the property as a residence so as to not affect the character of the neighborhood. Cooperatives shall not generate nuisances such as traffic, on street parking, noise, etc.
3. **Prohibit Medical Marijuana Cooperatives** i.e. Anacortes Ordinance (2016)– Amends municipal code prohibiting marijuana cooperatives in all city zones and replaces Ordinance No. 2985 (2016) which extended a moratorium on marijuana cooperatives. Allow Marijuana Businesses in Appropriate Zoning Districts Below are examples of ordinances that establish permanent zoning regulations for state-licensed marijuana
4. **Limit Number of Retail Marijuana Businesses** i.e. Everett Ordinance (2016) – Limits the number of retail marijuana stores allowed in the city to a maximum of five.
5. **Adopt a Moratorium on Marijuana Businesses** i.e. Eatonville Ordinance (2018) – Imposed a moratorium on the production, processing, or retail sale of recreational marijuana. Expired August 26, 2018.
6. **Prohibit Marijuana Businesses** i.e. Leavenworth Municipal Code– Provides that every business licensee must comply with all federal, state, and city statutes, laws, regulations, and ordinances relating to the business premises and the conduct of the business thereon.

Note: Local governments cannot regulate these businesses using a referendum.

Below is a snapshot of where each nearby city stands. Out of 281 cities, 84 (30%) prohibit marijuana sales and production. Residents interested in purchasing can go to Everett, Mukilteo, Edmonds, or Lake Forest. *



* SOURCE: Municipal Research & Service Center (MRSC), 2020.