



**Draft Minutes of the Social Equity in Cannabis Task Force
Licensing Workgroup
October 20, 2021
Virtual Meeting**

Workgroup Members Present:

Mike Asai, Industry Representative
Ollie Garrett, WSLCB and Task Force
Member
Michelle Merriweather, Co-Lead and
Task Force Member
Monica Martinez, Co-Lead and Task
Force Member

Kevin Oliver, NORML
Micah Sherman, Industry
Representative
Angel Joi Swanson, Industry
Representative

Workgroup Members Absent:

Craig Bill, GOIA and Task Force Member
Pablo Gonzalez, Industry Rep and Task Force Member
Crystal Oliver, Sun growers Association

Guests and Other Participants:

Throughout the meeting, approximately 36 members of the public joined and participated. The workgroup thanks all of those who attended and shared their time, expertise, and lived experience to help shape this important work.

Staff Support:

Anzhane Slaughter
Joy Hollingsworth

Crystal Ogle

Call to Order

Michelle Merriwether, Co-Lead, called the public meeting to order at 1:01 p.m. and read from a prepared statement (on file). Anzhane Slaughter, Staff shared the Zoom protocol, conversation norms, and reviewed the agenda. Michelle Merriwether, Co-Lead facilitated introductions of members and stated the goals for today's meeting was to come to an agreement on how many Producer and Processor licences we need to recommend and to explore incentives for cities who have bans and moratoriums

1. Recap – September 22nd Licensing Meeting

Monica Martinez, Co-Lead reviewed the recommendations from the last meeting. Recommendation 1 – The Task Force should recommend to the legislature that a minimum of 300 additional social equity retail licenses should be created and issued with multiple licensing windows between 2022 and 2029. Recommendation number 2 was an amendment to Sept 14th proposal. All social equity retail licenses and current title certificate holders who fit the social equity definition can be in any municipality that allows for the sitting of additional licenses. This would not preempt local restrictions but simply give flexibility to the licensee to locate where they are able, and an open jurisdiction allow it. Recommendation #3 Social equity goal: 50% of total licenses should be owned by social equity applicants.

2. Discussion – Additional Producer & Processor Licenses for Social Equity

Michelle Merriwether, Co-Lead begins the discussion by acknowledging the requests heard from community regarding Producer & Processor licenses which are important in addition to retail. Wanting to explore different pathways to the market. As of June 2021, LCB has 282 Producer & Processor licenses that were issued and have since been returned.

The workgroup discussed that while this number isn't half of the licenses, the industry is over populated in this section. Feedback from community brought to the workgroup is for 200 producer/processor licenses. The group discussed placing indicators as to when to release more batches of licenses and the possibility of a dashboard as they have heard recommended from community that could help people understand the current market health. They discussed previous surveys that were done indicate that producers aren't using their allotted canopy space, which shows demand isn't as great right now. They discussed having new licenses and pathways would create growth, opportunity for illicit operators to become lawful potentially. Public comment supported issuing 200 producer/processor licenses, they understand it's a harder way to go, but they want the chance at it. Public also supports new license types. The workgroup agrees that there should be Producer & Processor licenses reserved for SE of at least 200 initially.

The group breaks for 10 minutes

3. Discussion – City Incentives

Monica Martinez, Co-Lead introduces Sharon Swanson and Jacob Ewing who are from the Association of Washington Cities to share recent findings from cities regarding the adding of additional cannabis retail licenses. They begin with a breakdown of the disbursements of Cannabis Tax money. Areas include: General fund, basic health, programs on education and prevention, Liquor Cannabis Board enforcement, research, cities and counties. Based on a 2020 of Washington State cities, they state increase in crime rates and concern for encouraged access to youth as main concerns with Cannabis retail stores. There was 15 million dollars given to cities and counties in 2020. 7.5 million went to counties and 7.5 million was split between 200 cities that do not have bans or moratoriums. For every \$31.00

collected in taxes, cities and counties get \$1.00. Currently there is no floor, but there is a cap on how much money cities and counties can receive. That cap is 15 million. When surveyed, 35% of cities said they would be interested in hosting SE Cannabis licenses. 59% said they would be interested if there was revenue generation tied to it. Some considerations they suggest is to consider an optional tax increase at the local level, that would stay locally. Raise or remove the statutory cap to counties and cities. Alternatively, you can set a percentage of taxes or a statutory marker so any amount above the marker goes to cities/counties. They suggest providing education and data collected from jurisdictions that have retail licenses to overcome concerns with crime and youth use.

During discussion the workgroup voices concern that the consumer would be paying more and that having an optional local tax could create competition amongst jurisdictions and negatively impact retail store sales. They discuss who would likely benefit more if there was a % of excise tax recommended. They also discussed ways to educate jurisdictions who have concerns using data. Mike Asai, Workgroup member doesn't think we should be incentivizing the cities who have bans or moratoriums, they are not located where DIA communities are. Micah Sherman, Workgroup member proposes that a percent of the sales tax collected, go directly to the municipality in which the sale took place. Community comments do not support an increase in tax for the consumer.

4. Next Steps

Anzhane Slaughter, Staff goes over future meeting dates and times.

Adjournment

Michelle Merriwether, Co-Lead thanked everyone for joining and sharing their thoughts and opinions then adjourned the meeting at 4:02p.m.

To request this document in an alternate format or a different language, please contact Kelie Kahler, Washington State Board of Health Communication Manager, at 360-236-4102 or by email at kelie.kahler@sboh.wa.gov TTY users can dial 711.

PO Box 47990 • Olympia, Washington • 98504-7990
360-236-4110 • wsboh@sboh.wa.gov • sboh.wa.gov