


**JEFFERSON COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA REQUEST

TO: Board of County Commissioners
Philip Morley, County Administrator

FROM: Carl Smith, Community Development Director 
Stacie Hoskins, Community Development Planning Manager
Jared Keefer, Environmental Health Director
Joe Nole, Chief Criminal Deputy, Sheriff's Office
David Alvarez, Chief Deputy Prosecuting Attorney

DATE: October 14, 2013

SUBJECT: County response to Initiative 502 (legalized recreational marijuana use)

ATTACHMENT: I-502 Implementation Timeline

STATEMENT OF ISSUE:

According to information on the Washington State Liquor Control Board (LCB) website, they will begin accepting applications for "marijuana licenses" on November 18, and begin issuing licenses sometime after December 1, 2013. As legalized marijuana business operations are an entirely new kind of activity, it is appropriate for the County government to consider its policy toward such uses.

ANALYSIS:

On November 6, 2012, Jefferson County voters approved Initiative 502 (recreational marijuana use) by 65.23%. This percentage of approval was the second highest for Washington counties, with only San Juan County had a greater approval rate at 68.29% .

Initiative 502 has been codified at WAC 314-55-005. These codes contain regulations regarding the application for license, licensing, reporting and use controls for legalized marijuana businesses. Three types of business operators are identified: grower, processor and retailer. The LCB has been given regulatory authority over these three types of operators. The LCB maintains a website for implementation of I-502 at: <http://www.liq.wa.gov/marijuana/I-502>. The proposed rules themselves can be found at: http://www.liq.wa.gov/marijuana/initiative_502_proposed_rules

The LCB has determined that Jefferson County will have an initial maximum of four marijuana retailers; one in the City of Port Townsend and three in Jefferson County. At present, there is no limit on the number of potential grower or processor licenses that could be issued in the County.

While not the intention of this brief report to list every rule in the WAC's, a few pertinent ones include:

- The LCB will notify local governments of pending licenses and give 20 days to respond with a

recommendation to approve or deny a license (90 days for a renewal).

- Licensed businesses may not be closer than 1,000 feet from the following:
 - Elementary or secondary school
 - Playground
 - Recreation center or facility
 - Child care center
 - Public park
 - Public transit center
 - Library
 - Game arcade.
- Licensed businesses cannot be within another store or a residence
- Licensed businesses must have alarm and video surveillance systems
- Licensed growing operations must be indoors or if outside, must be encircled by an 8' sight obscuring fence.

Although marijuana remains illegal under federal law, the Obama administration has issued a memo to federal authorities, directing them to focus their attention on certain specific areas of enforcement, rather than targeting individual marijuana users. Those areas include: preventing distribution of marijuana to minors, preventing sales to cartels or gangs, preventing sales to other states where the drug remains illegal under state law, and preventing the growing of marijuana on public lands.

Staff from the Departments of Community Development, Health, Sheriff, and Prosecutor met to discuss this issue. The consensus of this group is that existing County regulations, in addition to the Liquor Board controls codified in the Washington Administrative Code, are anticipated to be sufficient for regulating legalized marijuana in Jefferson County. If experience shows additional controls are warranted, they can be crafted to address the specific need.

FISCAL IMPACT/COST-BENEFIT ANALYSIS:

Each sale of a marijuana licensee's product to another licensee or to the public is subject to a 25% excise tax, in addition to any applicable local sales tax. All such excise taxes are to be remitted to the Liquor Control Board on a monthly basis. The LCB has prepared a fiscal analysis of potential marijuana business revenues and a list of state agencies that will receive a portion of excise tax revenues from a dedicated "marijuana fund". This list does not include local jurisdictions.

On the positive side, Jefferson County could realize increased revenue from sales taxes collected on the sale of marijuana products. On the other hand, local jurisdictions such as Jefferson County will be financially impacted due to their role in implementing, regulating and enforcing provisions of the State marijuana laws, plus local codes. The amount of such impact cannot be predicted in advance of experience with implementing the new law.

RECOMMENDATION:

Discuss the issue of legalized marijuana business operations and indicate any concerns.

REVIEWED BY:


Philip Morley, County Administrator

10/9/13
Date



Washington State Liquor Control Board

I-502 Implementation Timeline

The below timeline reflects the Washington State Liquor Control Board's official timeline for implementation of Initiative 502. The Board and staff are working from this timeline going forward.

By law, the WSLCB must have the rules written by December 1, 2013. The agency is on track to meet this deadline. If and/or when timeframes change we will communicate those changes via the [WSLCB Listserv](#) and our agency [Twitter](#).

Date (2013)	Milestone
September 4	File supplemental CR 102 with revised proposed rules
October 8	Seattle public hearing/special meeting on proposed rules
October 9	Spokane public hearing/special meeting on proposed rules
October 16	Board adopts or rejects proposed rules (CR 103)
November 16	Rules become effective
November 18	WSLCB begins accepting applications for all license types
December 1	Rules are complete (as mandated by law). Begin issuing Producer, Processor and Retail licenses to qualified applicants.

For more information on the implementation of I502 and to join our listserv to receive email updates, please visit our website at www.liq.wa.gov.

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