



### Current state of the market

- Since the passage of I-502, there have been an increasing number of illegal marijuana home delivery services operating in Seattle. There is no form of marijuana home delivery permitted under state or city law.
- Seattle City staff has identified 24 different companies offering their services in Seattle. There are only 19 open recreational marijuana shops in Seattle.
- These services are advertised on websites such as Leafly, Craigslist, and Weedmaps.

### Problems with the current state of the market

- Legal marijuana businesses cannot compete with illegal services that do not pay the 37% tax on marijuana or sales tax.
- Illicit services are more likely to sell marijuana to those under 21 years old. Illegal marijuana is not tested for potency or the presence of mold or fungus.
- These services provide an outlet for marijuana grown by criminal organizations while undermining the legal industry.

### Recent and Forthcoming Seattle Enforcement Efforts

- City staff identified a total of 120 medical marijuana collective storefronts operating in Seattle in 2015.
- Using new regulations introduced by the Mayor, supported by the City Attorney and passed unanimously by the City Council, city staff was successful in closing 60 collectives with a combination of letters and site visits. Approximately 49 locations remain open in Seattle and have an opportunity for licensure by the state.
- After being sold medical marijuana without a medical authorization, city inspectors acquired search warrants and seized marijuana products from 3 locations. No arrests of staff or owners were made but owners may face misdemeanor charges for operating without a regulatory business license.
- Business license staff and SPD are beginning targeted enforcement of illegal delivery services. Couriers and owner-operators of these illegal services may face penalties that include civil infractions, civil forfeiture of vehicles, misdemeanors and possible felony charges in egregious circumstances.

## H.B. 2368

Seattle supports a pilot project for legal delivery services as a means to level the playing field for licensed marijuana retail locations and to reduce the illicit market for marijuana. Creating an equivalent legal form of delivery will provide a safe alternative for adults to use while helping prevent those under 21 from acquiring marijuana. As a time-limited pilot project, it will help identify any public safety concerns before a potential expansion.

### Components of Marijuana Home Delivery Pilot Project

- Limited to 5 licensed retailers in municipalities with a population of more than 650,000 that also have a regulatory business license for marijuana businesses. The pilot project sunsets in September 2018.
- Employees will be required to undergo training on proper verification of identification cards.
- Marijuana home delivery is limited private residences and Washington state residents over the age of 21.
- The minimum penalty for delivery to a minor is \$2500 and forfeiture of retailers' delivery endorsement.
- LCB required to conduct four compliance tests a year and submit a report to the legislature in 2018.