

## IMPACT STATEMENT

**Legislation title:** \* Amend marijuana business regulations to implement the Social Equity Program (Ordinance; amend Code Chapter 14B.130 and Portland Policy Document ADM-20.01)

**Contact name:** Jeffrey Van Kent

**Contact phone:** 503-823-2094

**Presenter name:** Jeffrey Van Kent and Brandon Goldner

**Purpose of proposed legislation and background information:**

The 2015 Oregon Legislature enacted HB 3400 to amend Measure 91, which legalized both the consumption of marijuana by adults 21 and over, and the legal production and sale of marijuana and marijuana items. HB 3400 also granted limited time place and manner authority to local governments over operational aspects of the businesses that produce, process, transfer, or sell marijuana.

Portland City Council voted to develop the Cannabis Program in November of 2014, and voted to adopt Portland City Code (PCC) 14B.130 to regulate business that produce, process, transfer, or sell marijuana.

The proposed code amendments introduced by this ordinance will change PCC 14B.130 and Portland Policy Document ADM-20.01 to reduce licensing fees for all cannabis businesses, streamline the licensing process, and provide additional assistance to small businesses and individuals directly impacted by cannabis prohibition through a Social Equity Program.

The City understands that the process to start a cannabis business and obtain local and state licensing is often time- and cost-intensive. The barriers to entry can be disproportionately burdensome for small businesses and those impacted by a legacy of cannabis prohibition. These amendments seek to provide some relief to cannabis businesses while recognizing existing inequities in the cannabis industry and its regulatory framework.

**Financial and budgetary impacts:**

There are no anticipated financial or budgetary impacts from this ordinance.

**Community impacts and community involvement:**

These proposed changes reflect over 18 months of advocacy by the cannabis industry and interested community members. Additionally, the changes were informed by industry surveys collected by the Cannabis Program during all license renewal inspections since September of 2017. Through this engagement process, the need for some regulatory relief and a Social Equity Program became clear.

This proposal has already been shared with some industry partners. Further, the Cannabis Program will continue engaging appropriate bureau and community partners and seek input from the Cannabis Policy Advisory Team (CPOT) advisory body.

**100% Renewable Goal:**

N/A

**Budgetary Impact Worksheet**

**Does this action change appropriations?**

- YES:** Please complete the information below.
- NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount



Chloe Eudaly,  
Commissioner

Suk Rhee,  
Director

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Traducere sau Interpretare

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الترجمة التحريرية أو الشفهية

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## MEMORANDUM

**DATE:** September 14, 2018  
**TO:** City Council  
**FROM:** Brandon Goldner, Cannabis Program Coordinator  
**SUBJECT:** Summary of Proposed Amendments to PCC 14B.130 and Portland Policy Document ADM-20.01

The Cannabis Program is responsible for regulatory oversight of the City's cannabis industry, but must also ensure it conducts that oversight responsibly. The City has a strong interest in encouraging entrepreneurship, supporting small businesses, and promoting healing in relation to the harmful legacy of cannabis prohibition. Based on ongoing industry feedback, the Cannabis Program recognizes the disproportionate impact that barriers to entry, including regulatory costs, can have on smaller businesses and those pursuing novel business models that benefit the community. To begin addressing some of these inequities, the Cannabis Program recommends amendments that reduce licensing fees, streamline the licensing process, and provide additional assistance to small businesses and individuals impacted by cannabis prohibition.

The proposed amendments will make six substantive changes:

1. Reduce licensing fees for all license types
2. Offer a deferred payment plan for license fees
3. Create a Social Equity Program
4. Modify permitting requirements for processors and producers
5. Modify permitting enforcement procedures
6. Add a Micro-Tier Processor endorsement

### 1. Reduce License Fees

The amendments reduce licensing fees for all license types. There will now be only two tiers of licensing fees, distinguished by the typical size of the businesses within each category. Micro-Wholesalers, Micro-Producers, and Retail Couriers will pay a \$200 application fee and \$1,000 license fee. All other license types will pay a \$500 application fee and \$3,500 license fee.

### 2. Deferred Payment Plan

Currently, most applicants pay for their annual State and City licenses within weeks, if not days, of each other. To offset the due dates, the amendments allow applicants to defer payment of the bulk of their City license fee until



six months after issuance. The amendments also add minor late fees to encourage timely payment and compensate for additional administrative costs associated with collecting overdue fees.

### 3. Social Equity Program

The amendments create a Social Equity Program to assist small businesses and individuals directly impacted by cannabis prohibition. Based on the number of qualifying factors, businesses will receive 15% or 25% license fee reductions. And, if the qualifying business is a processor or producer, they will also receive up to a \$750 or \$1,500 reduction to reimburse costs incurred for Early Assistance meetings at the Bureau of Development Services (BDS). Applicants may qualify if the business is:

- A small business (based on revenue and number of state licenses);
- At least 25% owned or 20% staffed by individuals with prior cannabis convictions; or
- A small business and contracts with a vendor that is certified by the State as socially or economically disadvantaged and/or an emerging small business.

### 4. Modify Permitting Requirements

Currently, non-extract processors require “issued” building and trade permits to obtain a new license and “final” permits before license renewal. Extract processors and producers require “final” building and trade permits to obtain a new license. Despite businesses’ efforts to align the timing of their permitting with State and City licensing deadlines, many businesses are unable to do so successfully. To address this, the amended language only requires “issued” building permits from producers and non-extract processors for both new and renewal licenses. BDS will retain its oversight of the “issued” permits, as with all other industries. In recognition of the greater life-safety risks associated with extract processors, and to remain in alignment with State requirements, extract processors must still demonstrate “final” permits prior to receiving a City license.

### 5. Modify Enforcement Procedures

The amendments remove overly broad language that requires licensees remain in compliance with fire, building, and zoning codes to comply with Chapter 14B.130. The Cannabis Program will retain authority to assist partner bureaus with enforcement of their violations and stop work orders through the enforcement mechanisms in Chapter 14B.130. However, pursuant to the amendments, the Cannabis Program will rely on the experts at BDS and Portland Fire & Rescue to independently identify, prioritize, and enforce for fire-life-safety hazards related to fire, building, and zoning codes.

### 6. Add Micro-Tier Processor Endorsement

The State added a “Producer Micro-Tier Processor” endorsement option for Micro-Tier Producers. The amendments allow the Cannabis Program to issue an equivalent Micro-Tier Processor endorsement without a new license application and at no additional cost to the applicant.

In sum, the proposed amendments represent early steps by the Cannabis Program to identify and help address inequities in the cannabis industry and its regulatory framework. To continue supporting this work in the coming year, the Cannabis Program will conduct an independent market study, solicit input of the Cannabis Policy Oversight Team advisory body, and use other methods to meaningfully engage stakeholders and collect data for informed decision-making.

## Item 1005: Cannabis Social Equity Program

### EUDALY AMENDMENTS

I would like to add three amendments that were offered by the Bureau of Development Services to help clarify their process.

Amendment 1: Replace all instances of the word "reductions" with the word "credit".

Amendment 2: Replace all instances of the word "reimbursement" with the word "credit".

Amendment 3: Add language as 2c and 3c that states: "Requests for credit should be directed to the Office of Community and Civic Life. All such credits will be deducted from the Marijuana Regulatory License fees."

A copy of the amended code has been provided to the council, the clerk, and the council attorney.

Thank you

#### CODE CHANGES AS AMENDED [14B.130.55-clerk]

**2.** A Social Equity Applicant that meets one of the qualifying factors shall receive Marijuana Regulatory License fee ~~reductions~~ credit as follows:

**a.** 15 percent ~~reduction~~ credit from the Marijuana Regulatory License fee; and

**b.** If the application is for a producer or processor marijuana regulatory license, the Social Equity Applicant will receive ~~reimbursement~~ credit in the form of a license fee ~~reduction~~ credit for documented payments to Bureau of Development Services for related Life Safety Preliminary Meetings and Early Assistance Meetings, or substantially similar assistance programs available at Bureau of Development Services. The license fee ~~reduction~~ credit will be up to the lesser of \$750 or the total license fee.

**c.** Requests for credit should be directed to the Office of Community and Civic Life. All such credits will be deducted from the Marijuana Regulatory License fees.

**3.** A Social Equity Applicant that meets at least two of the qualifying factors shall receive Marijuana Regulatory License fee **reductions credit** as follows:

**a.** 25 percent **reduction credit** from the Marijuana Regulatory License fee; and

**b.** If the application is for a producer or processor marijuana regulatory license, the Social Equity Applicant will receive **reimbursement credit** in the form of a license fee **reduction credit** for documented payments to Bureau of Development Services for related Life Safety Preliminary Meetings and Early Assistance Meetings, or substantially similar assistance programs available at Bureau of Development Services. The license fee **reduction credit** will be up to the lesser of \$1500 or the total license fee.

**c.** Requests for credit should be directed to the Office of Community and Civic Life. All such credits will be deducted from the Marijuana Regulatory License fees.

Clerk amendment:

**a. Section 14B.130.020, Definitions**

**Y.** “Social Equity Applicant” means a Marijuana Business that qualifies for Marijuana Regulatory License fee **reductions credits** pursuant to this Chapter’s Social Equity Program.