



May 6, 2015

The Honorable Mark Schoesler, Senate Majority Leader  
The Honorable Sharon Nelson, Senate Democratic Leader  
The Honorable Andy Hill, Ways & Means Chair  
The Honorable Jim Hargrove, Ways & Means Ranking Member  
The Honorable John Braun, Ways & Means Vice Chair  
The Honorable Ann Rivers, Majority Whip  
The Honorable Mark Mullet, Democratic Assistant Whip

The Honorable Frank Chopp, Speaker of the House  
The Honorable Pat Sullivan, House Majority Leader  
The Honorable Dan Kristiansen, House Minority Leader  
The Honorable Ross Hunter, Appropriations Chair  
The Honorable Bruce Chandler, Appropriations Ranking Member  
The Honorable Reuven Carlyle, Finance Chair  
The Honorable Eileen Cody, Health Care & Wellness Chair

Dear Legislators;

On behalf of Washington's 281 cities, we are writing to urge your quick action on HB 2136. This proposal includes numerous important provisions that will provide greater clarity to cities and assist the State's emerging legal marijuana market. In particular, cities ask for your assistance with the following provisions in the bill:

- **Local Flexibility:** Cities support the provisions in Section 301 for local flexibility to adjust the 1,000 foot buffer between retailers and certain sensitive uses. This flexibility will help cities better site business, while still meeting the public safety needs for their communities.
- **Opposition to pre-emption:** Cities strongly oppose the inclusion of a public vote requirement prior to enacting a prohibition on marijuana businesses. This is a clear pre-emption of existing local regulatory authority. It is also inconsistent with the language of I-502 and at odds with recent court decisions and the state's Attorney General Opinion. Elected city councils are best positioned to make these determinations and are directly accountable to their citizens for such decisions. The legislature needs to provide legal clarity and sufficient funding so cities will have a clearer path to engage with the market.
- **Revenue-sharing:** Cities appreciate the willingness to include revenue sharing in HB 2136. We believe revenue sharing is critical because without adequate resources, cities will not have the ability to support the emerging legal market. Cities need the funding to support enforcement action against the black market and assist with prevention efforts to keep marijuana away from under-age youth. The state lacks the resources to do this on its own and needs to partner with local government.

However, we have concerns with the revenue sharing mechanics in the bill:

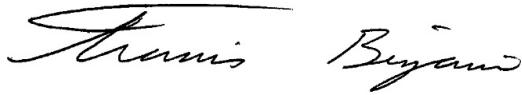
- **Remove Sunset:** The sunset provision means that even if we can make headway in eliminating the illicit market, we would no longer have the resources necessary to maintain that progress after 2022. It would be a shame to waste this investment by ending it arbitrarily after only a few years. *We urge that this clause be removed from the final bill.*
- **Remove artificial cap:** Revenue sharing in the 2015-17 biennia is capped at \$12 million. Future revenue sharing is capped at \$20 million per year. This is artificially low. While \$20 million per year appears to be

a large amount of funding, when spread across the state to multiple jurisdictions, it may not provide a significant enough infusion of revenue to fund the necessary enforcement activity. Projections indicate the State will receive between \$270 million and \$333 million. *Cities believe that a more appropriate level of revenue sharing is 10% of the overall excise tax revenue and there should be no cap on funds distributed to cities.*

- **Distribution formula should be inclusive:** The bill currently restricts revenue sharing to only those jurisdictions with licensed retailers until general fund revenue reaches \$25 million. This leaves out cities who are home to growers and processors, as well as cities that haven't yet had a licensee opt to locate in their jurisdiction because of market conditions. These cities are still key partners in the effort to reduce illicit activity, especially since they lack a legal market access point.
- **No revenue for jurisdictions with bans:** While all jurisdictions may have impacts from marijuana, the Association of Washington Cities' position is only jurisdictions that allow for the location of licensed marijuana businesses should receive funding. This position balances cities' need to allow for local decision making with the State's desire to encourage expansion of the marijuana market.

Cities appreciate the budget challenges facing the State and the natural inclination that legislators want to protect any new revenue. We want to be a good partner with the Legislature in finding solutions to budget challenges, but we also need the resources to be a strong partner with the State in the successful implementation of the legalized marijuana market. To that end, we respectfully request you pass HB 2136 with the requested modifications that address the needs and concerns of cities.

Respectfully,



Francis Benjamin,  
President, AWC  
Councilmember, Pullman



Paul Roberts,  
Vice President, AWC  
Councilmember, Everett