## REVISED STAFF REPORT

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| **Agenda Item:** | 7 | **Name:** | Nick Bowman |
| **Proposed No**.: | 2022-0159 | **Date:** | May 3, 2022 |

**COMMITTEE ACTION**

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| ***Proposed Substitute Motion 2022-0159.2 requesting the Executive establish a marijuana retail security task force to develop strategies to prevent criminal activity targeting marijuana retail locations and provide a report passed out of committee on May 3, 2022 with a “Do Pass” recommendation. The Motion was amended in committee with Amendment S1 to remove all references to the term marijuana and replace it with cannabis and broaden the scope of the task force to address crimes against the broader cannabis industry rather than just cannabis retailers. The Motion was also amended in committee with Amendment T1 which conformed the title to the changes made by the Striking Amendment S1.*** |

**SUBJECT**

Requesting the Executive establish a marijuana retail security task force to develop strategies to prevent criminal activity targeting marijuana retail locations and provide a report.

**SUMMARY**

Proposed Motion 2022-0159 would request that the Executive address the recent increase in criminal activity targeting marijuana retailers across King County by establishing a marijuana retail security task force to develop strategies to prevent this criminal activity and enhance security at marijuana retail locations.

Task force members would include, the King County Prosecuting Attorney’s Office (PAO), The King County Sheriff’s Office (KCSO), marijuana retail shop owners and impacted neighborhood groups and community organizations.

The motion would further ask the Executive to prepare a report describing security and crime prevention strategies developed by the task force. The report is to include an analysis of staffing and resource needs across County government which would be required to develop and implement the task force developed strategies. The report should be submitted to Council by August 31, 2022.

**BACKGROUND**

In November 2012, the voters of Washington State approved Initiative 502 (I-502) which amended Washington's controlled substances statutes to allow adults, age 21 and over, to purchase, possess, and use limited amounts of marijuana for recreational purposes. It also established the means for regulating the production, processing, sales, and taxing of marijuana. I-502 received 55.7 percent of the vote state-wide and 63.5 percent of the vote in King County.

Since the adoption of I-502, 18 states have legalized recreational marijuana and 37 states, as well as, four U.S. territories permit the use of marijuana for medical purposes.[[1]](#footnote-1) At the federal level however, marijuana remains illegal and is classified as a Schedule I substance under the Controlled Substances Act (CSA).[[2]](#footnote-2)

The federal illegality of marijuana has made many financial institutions, including federally insured banks and credit card companies, generally hesitant or unwilling, to work with marijuana-related businesses due to fear of reprisal from federal regulators. For instance, under the Bank Secrecy Act (BSA), financial institutions are subject to various recordkeeping and reporting requirements and must file a Suspicious Activity Report to the Financial Crimes Enforcement Network whenever there is a suspected case of money laundering, fraud or use of funds stemming from illegal activities such as marijuana related business operations.  These regulations under the BSA, CSA and other federal statutes can subject financial institutions to enforcement actions and severe civil monetary fines.[[3]](#footnote-3)

With financial institutions reluctant to provide services, marijuana related businesses have generally operated on a cash basis. Even in Washington State, which in 2018 adopted legislation clarifying that financial institutions that provide financial services for authorized marijuana related businesses are not committing a crime for providing those services, [[4]](#footnote-4) a lack of cashless alternatives requires many transactions to occur in cash. This reliance on cash operations has made marijuana related businesses a target for criminals.

While crimes against Washington’s marijuana industry have been an issue since legalization,[[5]](#footnote-5) there has been a significant increase in criminal activity in recent months, particularly targeting marijuana retailers. Since the start of the year, industry trackers have identified over eighty crimes committed against marijuana retailers statewide, nearly forty of which occurred in King County. According to the industry, the vast majority of these crimes were armed robberies.[[6]](#footnote-6) Further data provided by the King County Sheriff’s Office identifies nine robberies so far this year committed at marijuana retailers in locations in which the Sheriff’s Office is the primary law enforcement agency.[[7]](#footnote-7)

To reduce the marijuana industry’s reliance on cash operations, the Washington State Liquor and Cannabis Board (LCB) issued a rule to allow retailers to do business with third-party vendors to allow for cashless transactions with customers.[[8]](#footnote-8) The LCB however, acknowledges cashless options are limited while cannabis remains a Schedule 1 Controlled Substance.[[9]](#footnote-9)

At the federal level, the SAFE Banking act, initially introduced in 2013, would keep federal regulators from penalizing financial institutions that work with licensed marijuana businesses.[[10]](#footnote-10) Despite being approved by the House of Representatives several times over the years however, the legislation has never passed in the Senate.

**ANALYSIS**

Proposed Motion 2022-0159 would request that the King County Executive establish a marijuana retail security task force to develop strategies to address security concerns at marijuana retail locations and prevent criminal activity targeting marijuana retailers.

The task force should include, but not be limited to, representatives from:

* The King County Prosecuting Attorney’s Office;
* The King County Sheriff’s Office;
* Marijuana retail shop owners; and
* Impacted neighborhood groups and community organizations.

The proposed motion would ask the task force to consider strategies including, but not limited to:

* Identifying and providing resources necessary to aid law enforcement agencies in deterring criminal activity specifically targeting marijuana retailers, including the use of marijuana excise tax revenues;
* Deepening interjurisdictional cooperation and data sharing to identify trends in criminal activity targeting marijuana retailers; and
* Coordinating emphasis patrols in the vicinity of marijuana retail locations across King County.

The proposed motion would also request that the Executive prepare a report to the Council. The report should include a description of the marijuana retail security and crime strategies and techniques that will be developed and implemented. The report should also include an estimated timeline for implementation and an analysis of staff and resources needs across King County government to support these efforts. The report should be filed with the Clerk of the Council no later than August 31, 2022.

1. <https://www.ncsl.org/research/civil-and-criminal-justice/marijuana-overview.aspx> [↑](#footnote-ref-1)
2. <https://sgp.fas.org/crs/misc/R45948.pdf> [↑](#footnote-ref-2)
3. <https://www.natlawreview.com/article/safe-banking-act-2021-where-are-we-cannabis-banking-change> [↑](#footnote-ref-3)
4. RCW 9.01.210 [↑](#footnote-ref-4)
5. <https://www.politico.com/magazine/story/2019/08/23/marijuana-legal-seattle-robberies-heist-227628/> [↑](#footnote-ref-5)
6. [Uncle Ike's i502 Robbery Tracker - Google Drive](https://docs.google.com/spreadsheets/u/0/d/1cmthwU8xHzlwaCvFLSMBJwZ6TaG84aQtDSGyCe0f0fc/htmlview?fbclid=IwAR2pno7cn4psXJjlhuMkOaZhHRs1QeFjgOiroe2iNSmtWcvrSCQEucf-Ojg) [↑](#footnote-ref-6)
7. KCSO Cannabis Crime Data provided to Council Central Staff on April 26, 2022. [↑](#footnote-ref-7)
8. WAC-314-55-117 [↑](#footnote-ref-8)
9. <https://content.govdelivery.com/accounts/WALCB/bulletins/3142c83> [↑](#footnote-ref-9)
10. <https://www.congress.gov/bill/117th-congress/house-bill/1996/text> [↑](#footnote-ref-10)