



## **INFORMATIONAL MEMORANDUM**

TO: **Planning & Community Development Committee**

FROM: **Laurel Humphrey, Legislative Analyst**  
**Nora Gierloff, DCD Director**

CC: **Mayor McLeod**

DATE: **July 14, 2025**

SUBJECT: **Cannabis Retail Business Zoning Considerations**

### **ISSUE**

The City Council requested options to potentially expand zoning for cannabis retail establishments.

### **BACKGROUND**

Initiative 502 passed in November 2012 and created a comprehensive regulatory approach on cannabis with state-licensed producers, processors and retailers. Initiative 502 received a yes vote in all but one Tukwila precinct. HB 2870 created a Marijuana Social Equity Program in 2020 to address historic racial inequity in enforcement of marijuana laws. In 2022, 2SHB 1210 replaced all references to “marijuana” in state statutes and regulations with the word “cannabis.”

- On September 3, 2013, the City Council adopted Ordinance 2407 to implement Initiative 502, determining that cannabis retailers, producers and processors are permitted uses in Tukwila Valley South and Heavy Industrial Zones, subject to the 1,000-foot exclusion rule (see attachments 1 and 2).
- In 2015, 2SSB 5052 and HB 2136 allowed cities to reduce buffers from 1000 to 100 feet around all entities except elementary and secondary schools and public playgrounds (see attachment 3).
- In 2017, the City Council received two separate requests to expand permitted cannabis retail zones but denied both on February 13, 2017.
- In September 2019, the Finance Committee discussed revenue and zoning considerations and decided against recommending any changes to the City Council at that time.
- In June 2021, the Finance & Governance Committee discussed revenue potential and decided against recommending any changes to the City Council.
- On May 13, 2024, the Planning and Community Development Committee discussed expanding retail cannabis zoning and recommended the topic return to the full Council for discussion in November 2024.
- On June 10, 2024, the Council discussed expanding retail cannabis zoning, [heard pro and con public comments](#), and reached consensus to continue further discussions in 2025.

### **DISCUSSION**

#### **Zoning**

Currently, cannabis retail, production and processing are only permitted in the Tukwila Valley South, Tukwila South Overlay, and Heavy Industrial Zones. ([Read more in the 8/26/13 staff report.](#)) The City has received requests to expand those zones to include Regional Commercial Mixed Use (RCM) and the Southcenter area. Within the Southcenter area, the Tukwila Urban Center Commercial Corridor and Workplace Districts (TUC-CC and TUC-WP) might be most appropriate as they only allow limited residential uses and are largely unaffected by the State buffers even if those are kept at the maximum 1,000-foot distance.

### Buffer Distances

State regulations listed in **WAC 314-55-050** prohibit issuance of licenses for cannabis businesses within 1,000 feet of the following uses:

- (a) Elementary or secondary school;
- (b) Playground;
- (c) Recreation center or facility;
- (d) Child care center;
- (e) Public park;
- (f) Public transit center;
- (g) Library; or
- (h) Any game arcade (where admission is not restricted to persons age 21 or older).

Cities may reduce those buffer distances to not less than 100 feet except for schools and playgrounds. Attachments 1 and 2 show the effect of the 1,000 and 100- foot buffers around the above uses. Reducing these buffer distances where allowed would increase the location options for cannabis businesses. Which, if any, buffers would the Council consider reducing?

### Current Licenses

Through the I-502 rulemaking process, the Liquor and Cannabis Board adopted regulations on the number of cannabis retail store licenses for jurisdictions, determining a maximum of two for Tukwila. A third cannabis retail license was granted in Tukwila as part of the [social equity effort](#) per E2SHB 2870 and SB 5080. All cannabis licensing is regulated and enforced by the Washington State Liquor and Cannabis Board. There are currently active licenses for Tukwila's three retail allotments: Mount Baker Retail Partnership, LLC (12539 E Marginal Way S), Dash & Wrigley LLC (13003 Tukwila International Boulevard), and Kahn Holding (5301 Southcenter Blvd, Suite B). None of these are open and operating currently, likely due to difficulty finding appropriate locations. Licensed retailers are required to be open and operational, but licenses can be held without opening if they obtain a title certificate relieving them of the requirement to be open based on a moratorium, ban, or other zoning restriction, or if the business is temporarily discontinued while they move locations.

### Sales, B&O and Excise Tax Revenue

Active cannabis retail stores would generate three separate revenue streams: excise tax, sales tax, and B&O tax. The state cannabis excise tax and its distribution has changed over time and can be altered in any future legislative session. The State currently taxes cannabis through a single excise tax of 37% at the time of retail sale, in addition to the regular state and local sales tax, and \$30M of that statewide revenue is shared with cities, towns and counties. There are two components to the distributions: 1) per capita share to all jurisdictions that allow the siting of producers, processors and retailers; 2) retail share to all jurisdictions where licensed retailers are physically located and in proportion to total statewide retail sales. Tukwila does not have any open and operating cannabis businesses and therefore does not receive sales-based revenue. Tukwila's per capita distribution has been:

Year*	Revenues
2024	\$37,276
2023	\$36,302
2022	\$32,334
2021	\$24,013
2020	\$23,479
2019	\$23,123
2018	\$23,364

\*State Fiscal Year: July 1 – June 30

Beyond the excise tax, cannabis retail operations would generate sales and B&O tax. For every \$1 million in cannabis sales, the City could expect to receive \$9,000 in annual sales tax revenue (10% tax rate less the fee taken by the state for collection).

Staff looked up average retail sales within 5-miles of a cannabis retailer in the Ikea District of Renton, and for Jan-December 2023, the average per store was \$4.1 million. Hypothetically, if three retailers in Tukwila had combined yearly sales of \$12M, the City could receive \$108,000 of sales tax and \$6,000 in B&O tax in addition to the increased excise revenue described above. Another hypothetical example comes from the City of Covington, which has two cannabis retailers and a residential population similar to Tukwila. In 2023, the two Covington retailers had combined sales of \$12.8 million. Using this as another hypothetical scenario, the City could receive \$173,000 in sales tax and \$9,000 in B&O tax.

It is difficult to estimate what Tukwila would receive for its tax share if the three state-issued licenses were open and operational businesses. The excise tax formula depends not only on population but also on cannabis retail sales as a proportion of total retail sales, as well as the number/total population of cities and counties that prohibit marijuana. MRSC used to offer an estimate calculator but discontinued it due to complexity of the formula. While the revenue potential is difficult to predict, we can look to neighboring jurisdictions for insight, while recognizing that their larger residential populations result in greater shares than Tukwila would receive in similar circumstances. The chart below shows the 2024 cannabis excise revenue for neighboring cities with open retailers:

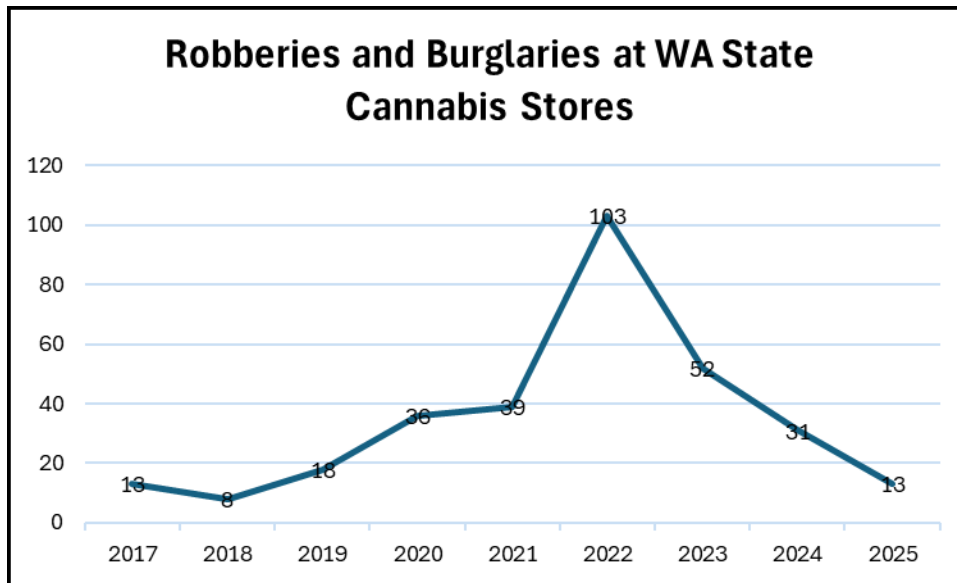
City (number of locations)	Population	2024 Cannabis Excise Revenue*
Burien (2)	50,216	\$164,000
Auburn (4)	83,757	\$238,000
Des Moines (2)	32,177	\$135,000
Renton (4)	102,716	\$300,000
Covington (2)	21,374	\$104,942

\*State Fiscal Year: July 1 – June 30

Based on these scenarios, if three retail locations were open and operational, Tukwila could expect to see between \$200,000 and \$275,000 in tax revenue annually.

### **Crime & Safety around Retail Locations**

Cannabis retail stores are frequent targets for theft, typically in the form of armed robberies or smash and grab burglaries. Cannabis retailers have access to state-chartered credit unions and banks for financial services, and there are a number of institutions in Washington that provide service to the industry. The table below demonstrates the incidents of all robberies and burglaries in the state. It is important to note that in 2021, the State changed the police pursuit law, limiting the ability of officers to pursue suspects. In 2023, the law was changed to again allow police to pursue drivers if there is reasonable suspicion that a crime has occurred. This took effect on June 6, 2024.



Source: [Uncle Ike's i502 Robbery Tracker](#)

Alarms and surveillance systems are required at cannabis locations per **WAC 314-55-083**. Through the code update process, the City Council could consider establishing permitting requirements designed to address theft and crime concerns. Some suggestions are bollards to prevent cars from being used to smash open doors, commercial-grade non-residential door locks and/or window locks, and shatter resistant window film.

### **RECOMMENDATION**

Staff is seeking Committee direction on the following topics:

- Any additional zones to allow cannabis retail uses;
- Any changes to buffer distances from sensitive uses; and
- Any security features above those required by the State.

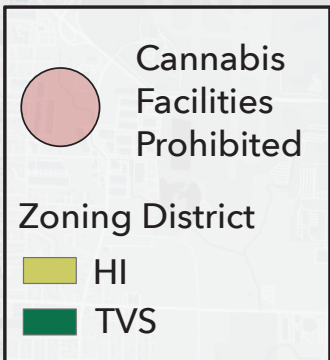
With this information staff can return with a draft ordinance, prepare a SEPA determination, route the changes to the Department of Commerce for 60-day GMA review, and schedule a public hearing for the Council.

### **ATTACHMENTS**

- A. Map showing current cannabis zoning and buffers in Tukwila
- B. Map showing minimum cannabis buffers now allowed by Washington State

# Restrictions on Cannabis Facilities (1,000 ft)

Cannabis facilities are currently  
only permitted in the HI and  
TVS zoning districts.




0 0.5 1 Miles













# Restrictions on Cannabis Facilities (100 ft)

Fewer restrictions could allow cannabis facilities in more commercial and industrial zoning districts, if permitted.

Schools and playgrounds maintain a 1000 ft buffer in accordance with RCW 69.50.331(8)(b).

 Cannabis Facilities Prohibited

Zoning District

	NCC
	RC
	RCM
	TUC-CC
	TUC-P
	TUC-RC
	TUC-TOD
	TUC-WP
	HI
	TVS

