

**CITY CLERK'S OFFICE MEMORANDUM  
#11-2021**

**DATE:** Aug. 9, 2021  
**TO:** Honorable Mayor Meredith Leighty and City Council Members  
**THROUGH:** Heather Geyer, City Manager *Hmg*  
**FROM:** Johanna Small, City Clerk *JS*  
Lisa Andrews, Deputy City Clerk – Licensing Specialist  
**SUBJECT:** CR-75 – Marijuana Licensing Fees

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**PURPOSE**

To consider CR-75, a resolution establishing new fees for marijuana delivery permits and allowing for licensing fee discounts to those applicants designated by the State of Colorado Marijuana Enforcement Division (MED) as Social Equity Licensees.

**BACKGROUND**

On June 14, 2021, Council adopted Ordinance No. 1817 to allow marijuana businesses and transporters licensed in Northglenn to deliver medical and retail marijuana to private residences locally and in other communities that permit marijuana delivery. Pursuant to Sections 18-14-15 and 18-16-17 of the Northglenn Municipal Code, fees related to marijuana business licensing and permitting must be set by resolution.

Approval of CR-75 would repeal and replace the existing fee schedule for marijuana business licensing previously adopted by Resolution No. 16-110, Series of 2016. The only additions proposed by staff are related to delivery permit applications and to allow for licensing fee discounts for those applicants designated by the MED as Social Equity Licensees. No other substantive changes are reflected in the proposed resolution.

**Delivery Permit Fees**

When proposing the fee schedule implemented in 2016, staff conducted a thorough cost analysis related to marijuana business licensing. That cost analysis was re-evaluated in 2021 and determined to still be representative of the actual cost incurred by the City for staff processing of marijuana business license applications. Staff anticipates similar processing to be required for delivery permit applications and recommends the following fees:

<b>Medical and Retail Marijuana Delivery Permits</b>	
Application Fee – Initial	\$2,500
Application Fee – Annual Renewal	\$1,000
Annual Permit Fee	\$1,500

**Social Equity Licensees**

The MED has implemented a program aimed at fostering an inclusive and equitable marijuana business licensing structure that acknowledges the detrimental effect of decades of disproportionate criminal enforcement of marijuana laws on communities of color. The structure also aims to reduce financial barriers to entry into the regulated marijuana industry and supports

economic diversity opportunities. To be designated by the MED as a Social Equity Licensee, the applicant must meet the following criteria:

- Be a Colorado resident
- Have not previously owned a marijuana business that was subject to revocation;
- Hold at least 51% ownership in the business
- Can prove one of the following:
  - The applicant resided for at least 15 years between the years 1980 and 2010 in a Census tract designated by the Colorado Office of Economic Development and International Trade as an Opportunity Zone or designated as a "Disproportionate Impacted Area"
  - The applicant or applicant's parent, legal guardian, sibling, spouse, child, or minor in their guardianship was arrested for a marijuana offense, convicted of a marijuana offense, or was subject to civil asset forfeiture related to a marijuana investigation
  - The applicant's household income in a year prior to application did not exceed 50% of the state median income as measured by the number of people who reside in the applicant's household

The State Licensing Authority will not deny an application on the sole basis of a past marijuana conviction.

Those who meet the eligibility criteria can participate in the State's Accelerator Program, which creates a partnership agreement between an approved Social Equity Leader, an existing business approved for participation in the program, and the Social Equity Licensee to receive mentoring and direct assistance for their own successful entry into the Colorado marijuana industry. The Social Equity Licensee may also be approved to independently own and operate a marijuana business. Examples of assistance a Social Equity Licensee may receive include, but are not limited to:

- business services support in areas such as accounting, sales and marketing, and information technology;
- regulatory compliance support; and/or
- financial or capital support.

Benefits for existing businesses designated as Social Equity Leaders include:

- Social Equity Leader designation to indicate its leadership status within the industry;
- MED may consider a Social Equity Leader designation as a mitigating factor when determining the initiation of administrative action or assessment of penalties for violations of the statutes or regulations;
- Compliance assistance and education engagement with MED; and/or
- Possible application and license fee exemptions for a change of owner, change of location, or modification of premises, where such changes or modifications are directly related to its participation in the Accelerator Program

### **Northglenn's Support for Social Equity and Diversity in the Marijuana Industry**

During the May 24 City Council meeting, public comment was received asking the City to consider waiving fees for marijuana delivery permits for third-party transporters as a means to provide opportunities for Social Equity Licensees. Ordinance No. 1817 does not allow for third-party transporters who are not licensed in Northglenn to provide marijuana deliveries on behalf of licensed Northglenn businesses. Further, the City does not currently have any Marijuana Business Licensees designated by the MED as a Social Equity Licensee. To lend support to the MED's equity and diversity initiative, and in anticipation of receiving applications from potential

Social Equity Licensees in the future, staff recommends 75% marijuana licensing fee discounts for those applicants designated by the MED as Social Equity Licensees. Staff recommends the fee reduction be limited to the first 24 months of operation. After 24 months in operation, a Social Equity Licensee would likely be established and making profits sufficient to pay fees equal to those businesses not identified as Social Equity Licensees. The City of Aurora’s social equity program also provides fee reductions for an initial period of two years.

Staff also recommends the discount be applied only after the application is approved by the MED and the Northglenn Marijuana Licensing Authority. Applications denied for reasons other than those qualifying the applicant as a Social Equity Licensee would deem the applicant ineligible for application fee reductions. Examples of situations that would disqualify an applicant from application fee reductions may include denial by MED of an application for a Social Equity Licensee designation, denial of an application for a marijuana business license due to the applicant providing false information in the application, or the applicant’s failure to prove, during a public hearing, that the proposed business would not cause a demonstrable negative impact on the community. The application fee reduction would be achieved through a 75% application fee refund issued upon approval by both MED and Northglenn Marijuana Licensing Authority. To reduce the up-front capital required to submit the initial application, the reduced application fee would be collected after approval, but prior to issuance of the license or permit.

**Marijuana Delivery and Social Equity Programs in Other Jurisdictions**

<b>Municipality</b>	<b>Allows Delivery from Local Businesses</b>	<b>Allows Delivery from Other Jurisdictions</b>	<b>Issues Delivery Permits</b>	<b>Delivery Permit Fees</b>	<b>Social Equity Consideration</b>
Aurora	Yes – Retail	Yes – Retail	Yes	\$2,800 permit fee	Delivery transporters must be Social Equity Licensees. Fee reductions for all Social Equity Licensees are approximately 90%, dependent on type of application.
Boulder	Yes – Medical	Yes	State Permit only	N/A	No
Broomfield	Yes – Both	No	State Permit only	N/A	No
Denver	Yes – Both	Yes	Yes	\$500 application fee + \$2,000 permit fee	Delivery transporters must be Social Equity Licensees. Fee reductions for all Social Equity Licensees: 50%-70%, dependent on type of application
Longmont	Yes – Medical	Yes – Medical	State Permit only	N/A	No
Superior	No	Yes – Both	State Permit only	N/A	N/A

Note: Thornton City Council approved delivery to Thornton residences from licensed retail marijuana businesses in Thornton in May 2021. However, no information is available on the specifics of the program as of the date of this memorandum.

**BUDGET/TIME IMPLICATIONS**

The proposed fees for marijuana delivery permits are based upon the actual cost of processing marijuana delivery permit applications. In addition, State law mandates a \$1 surcharge on each delivery, which would be remitted to the City for local law enforcement costs related to marijuana business regulation.

If a 75% fee reduction is approved for Social Equity Licensees, there would be a financial impact at the front-end for the processing of any applications filed within the first 24 months of the establishment's operation. After the first 24 months, fees would reset to the same as for all other marijuana businesses. Building permit and Sales Tax License fees would not be affected by the passage of this resolution, nor would there be any negative impact to the tax revenue collected and remitted by the business once in operation.

**RECOMMENDATION**

Staff recommends approval of CR-75.

**STAFF REFERENCE**

If Council members have any questions, please contact Johanna Small, City Clerk, at [jsmall@northglenn.org](mailto:jsmall@northglenn.org) or 303.450.8757.

SPONSORED BY: MAYOR LEIGHTY

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-75  
Series of 2021

\_\_\_\_\_  
Series of 2021

A RESOLUTION SETTING FEES PURSUANT TO SECTIONS 18-14-15 AND 18-16-17 OF THE NORTHGLENN MUNICIPAL CODE FOR MARIJUANA LICENSING

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The City Council hereby imposes the schedule of fees attached hereto as **Exhibit A** pursuant to Section 18-14-15 of the Northglenn Municipal Code for medical marijuana licensing applications.

Section 2. The City Council hereby imposes the schedule of fees attached hereto as **Exhibit B** pursuant to Section 18-16-17 of the Northglenn Municipal Code for retail marijuana licensing applications.

Section 3. Resolution No. 16-110, Series of 2016, is hereby repealed.

Section 4. This Resolution shall be effective on August 9, 2021.

DATED at Northglenn, Colorado, this \_\_\_\_ day of \_\_\_\_\_, 2021.

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MEREDITH LEIGHTY  
Mayor

ATTEST:

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JOHANNA SMALL, CMC  
City Clerk

APPROVED AS TO FORM:

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COREY Y. HOFFMANN  
City Attorney

## EXHIBIT A

### MEDICAL MARIJUANA LICENSING

Type of Application:	Fee:
Initial application fee for any medical marijuana business:	\$2,500
Annual renewal application fee per license:	\$1,000
License fee for Medical Marijuana Center:	\$1,500
License fee for Medical Marijuana-Infused Products Manufacturer:	\$1,500
License fee for Medical Marijuana Optional Premises Cultivation:	\$1,500
License fee for Medical Marijuana Transporter:	\$1,500
Permit fee for Medical Marijuana Delivery:	\$1,500
Late Renewal Fee:	\$ 500
Transfer of Ownership:	\$2,000
Change of Location:	\$2,000
Report of Corporate Changes (less than 10% financial interest):	\$ 200
Manager Registration:	\$ 200
Modification of Premises:	\$ 200
Trade Name Change:	\$ 100

#### Social Equity Licensees

Applicants designated by the State of Colorado Marijuana Enforcement Division (MED) as a Social Equity Licensee are eligible to receive a 75% fee reduction for the first 24 months in operation.

## EXHIBIT B

### RETAIL MARIJUANA LICENSING

Type of Application:	Fee:
Initial application fee for any retail marijuana business:	\$2,500
Annual renewal application fee per license:	\$1,000
License fee for Retail Marijuana Store:	\$1,500
License fee for Retail Marijuana Products Manufacturer:	\$1,500
License fee for Retail Marijuana Cultivation Facility:	\$1,500
License fee for Retail Marijuana Transporter:	\$1,500
Permit fee for Retail Marijuana Delivery:	\$1,500
Late Renewal Fee:	\$ 500
Transfer of Ownership:	\$2,000
Change of Location:	\$2,000
Report of Corporate Changes (less than 10% financial interest):	\$ 200
Manager Registration:	\$ 200
Modification of Premises:	\$ 200
Trade Name Change:	\$ 100

#### Social Equity Licensees

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