

SENATE BILL REPORT

SB 5004

As of January 18, 2021

Title: An act relating to providing a tax exemption for medical marijuana patients.

Brief Description: Providing a tax exemption for medical marijuana patients.

Sponsors: Senators Keiser, Warnick, Conway, Das, King, Kuderer, Saldaña and Wilson, C..

Brief History:

Committee Activity: Ways & Means: 1/18/21.

Brief Summary of Bill

- Provides an exemption to the 37 percent excise tax for certain purchases made by qualifying medical marijuana patients who are in the statewide database and hold a recognition card.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

Background: Qualifying Medical Marijuana Patients. A Washington State resident qualifies for medical marijuana use if they are a patient of a health care professional, have been diagnosed with a terminal or debilitating medical condition, have been advised of the benefits and risks of marijuana use, and have been advised they may benefit from the use of medical marijuana by their health care professional.

The qualifying patient must either have an authorization form from their health care professional, or must be entered into the medical marijuana authorization database and receive a recognition card.

All medical marijuana patients must pay the marijuana excise tax equal to 37 percent of the selling price on each retail sale of marijuana concentrates, useable marijuana, and marijuana

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infused products.

Qualifying patients holding a recognition card are granted a sales tax exemption on the following products, when sold by a marijuana retailer who has a medical marijuana endorsement:

- marijuana concentrates, useable marijuana, or marijuana-infused products, identified by the Department of Health (DOH) to be beneficial for medical use; and
- products containing tetrahydrocannabinol (THC) with a THC concentration of 0.3 percent or less.

Medical Marijuana Endorsement. Marijuana retailers may apply to the Liquor and Cannabis Board (LCB) for an endorsement to sell marijuana for medical use to qualifying patients and designated providers. To qualify for this endorsement, the retailer must:

- carry marijuana concentrates and infused products that have been identified as beneficial for medical use;
- enter qualifying patients and designated providers in a medical marijuana database;
- issue medical marijuana patient recognition cards;
- keep records of qualifying patients and designated provider's recognition cards;
- ensure all employees are trained on medical marijuana, including the ability to identify authorizations and recognition cards; and
- enter information about medical sales in the traceability system.

Summary of Bill: Qualifying patients or designated providers who have been issued a recognition card, are exempt from the 37 percent excise tax on purchases of marijuana concentrates, useable marijuana, or marijuana-infused products, if the products have been identified in rule by DOH for medical use and are purchased from a marijuana retailer with a medical marijuana endorsement.

Each seller making exempt sales must maintain information establishing eligibility for the exemption in the form and manner required by the LCB.

The LCB must provide a separate tax reporting line on the excise tax form for exemption amounts claimed.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on January 1, 2022.