
HOUSE BILL 1667

State of Washington

65th Legislature

2017 Regular Session

By Representatives Appleton, Ryu, Blake, Van Werven, Peterson, Chapman, Tharinger, and Ortiz-Self

Read first time 01/26/17. Referred to Committee on Finance.

1 AN ACT Relating to marijuana tax reform; adding new sections to
2 chapter 69.50 RCW; repealing RCW 82.08.9998 and 82.12.9998; providing
3 an effective date; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 69.50
6 RCW to read as follows:

7 (1) The tax levied by RCW 69.50.535 does not apply to:

8 (a) Sales of marijuana concentrates, useable marijuana, or
9 marijuana-infused products, identified by the department of health
10 under RCW 69.50.375 to be beneficial for medical use, by marijuana
11 retailers with medical marijuana endorsements to qualifying patients
12 or designated providers who have been issued recognition cards;

13 (b) Sales of products containing THC with a THC concentration of
14 0.3 percent or less to qualifying patients or designated providers
15 who have been issued recognition cards by marijuana retailers with
16 medical marijuana endorsements;

17 (c) Sales of marijuana concentrates, useable marijuana, or
18 marijuana-infused products, identified by the department of health
19 under RCW 69.50.375 to have a low THC, high CBD ratio, and to be
20 beneficial for medical use, by marijuana retailers with medical
21 marijuana endorsements, to any person;

1 (d) Sales of topical, noningestible products containing THC with
2 a THC concentration of 0.3 percent or less by health care
3 professionals under RCW 69.51A.280;

4 (e)(i) Marijuana, marijuana concentrates, useable marijuana,
5 marijuana-infused products, or products containing THC with a THC
6 concentration of 0.3 percent or less produced by a cooperative and
7 provided to its members; and

8 (ii) Any nonmonetary resources and labor contributed by an
9 individual member of the cooperative in which the individual is a
10 member. However, nothing in this subsection (1)(e) may be construed
11 to exempt the individual members of a cooperative from the tax
12 imposed in RCW 82.08.020 on any purchase of property or services
13 contributed to the cooperative.

14 (2) Each seller making exempt sales under subsection (1) of this
15 section must maintain information establishing eligibility for the
16 exemption in the form and manner required by the board.

17 (3) The board must provide a separate tax reporting line for
18 exemption amounts claimed under this section.

19 (4) The definitions in this subsection apply throughout this
20 section unless the context clearly requires otherwise.

21 (a) "Board," "THC concentration," "marijuana," "marijuana
22 concentrates," "useable marijuana," "marijuana retailer," and
23 "marijuana-infused products" have the same meanings as provided in
24 RCW 69.50.101 and the terms "qualifying patients," "designated
25 providers," and "recognition card" have the same meaning as provided
26 in RCW 69.51A.010.

27 (b) "Cooperative" means a cooperative authorized by and operating
28 in compliance with RCW 69.51A.250.

29 (c) "Marijuana retailer with a medical marijuana endorsement"
30 means a marijuana retailer permitted under RCW 69.50.375 to sell
31 marijuana for medical use to qualifying patients and designated
32 providers.

33 (d) "Products containing THC with a THC concentration of 0.3
34 percent or less" means all products containing THC with a THC
35 concentration not exceeding 0.3 percent and that, when used as
36 intended, are inhalable, ingestible, or absorbable.

37 NEW SECTION. **Sec. 2.** A new section is added to chapter 69.50
38 RCW to read as follows:

1 (1) A tax is imposed on each sale at wholesale of any hydrocarbon
2 gas-based solvent that is purchased by a licensed marijuana processor
3 to extract or separate resin from marijuana or to produce or process
4 any form of marijuana concentrates or marijuana-infused products. The
5 rate of the tax is equal to thirty-seven percent of the wholesale
6 selling price on each sale.

7 (2) The definitions in this subsection apply throughout this
8 section unless the context clearly requires otherwise.

9 (a) "Hydrocarbon gas-based solvent" means any hydrocarbon gas-
10 based solvent allowed by the liquor and cannabis board to be used by
11 licensed marijuana processors in the processing of marijuana
12 extracts.

13 (b) "Licensed marijuana processor" "marijuana concentrates" and
14 "marijuana-infused products" have the same meanings as provided in
15 RCW 69.50.101.

16 (3) Moneys collected under this section must be deposited into
17 the marijuana processing impact account created in section 3 of this
18 act.

19 (4) The tax imposed in this section must be paid by the buyer to
20 the wholesaler and each wholesaler must collect from the buyer the
21 full amount of the tax payable in respect to each taxable scale.
22 Regardless of the obligation to collect the tax from the buyer, the
23 wholesaler is liable to the state for the amount of the tax. The tax
24 required to be collected by the wholesaler must be stated separately
25 from the selling price in any sales invoice or other instrument of
26 sale. The amount of tax required to be collected under this section
27 constitutes a debt from the buyer to the wholesaler until paid by the
28 buyer to the wholesaler.

29 (5) The board may adopt rules as necessary to implement this
30 section.

31 NEW SECTION. **Sec. 3.** A new section is added to chapter 69.50
32 RCW to read as follows:

33 (1) The marijuana processing impact account is created in the
34 state treasury. All moneys received by the tax established in section
35 2 of this act must be deposited in the account. Moneys in the account
36 may only be spent after appropriation.

37 (2) The legislature must annually appropriate moneys in the
38 marijuana processing impact account created by this section as
39 follows:

1 (a) Fifty percent to the department of agriculture for the
2 purposes of waste disposal;

3 (b) Fifty percent for distribution to counties, cities, and towns
4 as follows:

5 (i) Thirty percent must be distributed to counties, cities, and
6 towns where licensed marijuana processors are physically located.
7 Each jurisdiction must receive a share of the revenue distribution
8 under this subsection based on the proportional share of the total
9 revenues generated in the individual jurisdiction from the taxes
10 collected under section 2 of this act from licensed marijuana
11 processors physically located in each jurisdiction. For the purposes
12 of this subsection, one hundred percent of the proportional amount
13 attributed to a processor physically located in a city or town must
14 be distributed to the city or town.

15 (ii) Seventy percent must be distributed to counties, cities, and
16 towns ratably on a per capita basis. Counties must receive sixty
17 percent of the distribution, which must be disbursed based on each
18 county's total proportional population. Funds may only be distributed
19 to jurisdictions that do not prohibit the siting of any state
20 licensed marijuana producer, processor, or retailer.

21 NEW SECTION. **Sec. 4.** The following acts or parts of acts are
22 each repealed:

23 (1) RCW 82.08.9998 (Exemptions—Marijuana concentrates, useable
24 marijuana, or marijuana-infused products beneficial for medical use—
25 Products containing THC) and 2015 2nd sp.s. c 4 s 207; and

26 (2) RCW 82.12.9998 (Exemptions—Marijuana concentrates, useable
27 marijuana, or marijuana-infused products beneficial for medical use—
28 Products containing THC) and 2015 2nd sp.s. c 4 s 208.

29 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
30 preservation of the public peace, health, or safety, or support of
31 the state government and its existing public institutions, and takes
32 effect July 1, 2017.

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