

# SENATE BILL REPORT

## SB 5234

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As Reported by Senate Committee On:  
Labor & Commerce, February 4, 2019

**Title:** An act relating to modifying the excise tax for medical marijuana patients with recognition cards for products identified as beneficial for medical use.

**Brief Description:** Modifying the excise tax for medical marijuana patients with recognition cards for products identified as beneficial for medical use.

**Sponsors:** Senators Keiser, Palumbo, Rivers and Short.

**Brief History:**

**Committee Activity:** Labor & Commerce: 1/29/19, 2/04/19 [DP-WM, w/oRec].

**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.

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### SENATE COMMITTEE ON LABOR & COMMERCE

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Keiser, Chair; Conway, Vice Chair; King, Ranking Member; Saldaña, Walsh and Wellman.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Braun.

**Staff:** Richard Rodger (786-7461)

**Background:** Qualifying Medical Marijuana Patients. Washington State residents qualify for the medical use of marijuana if they are patients 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.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The qualifying patients 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-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 by DOH as beneficial 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, 2020.

**Staff Summary of Public Testimony:** PRO: The medical marijuana patients are not really able to access products in our current retail system of medical marijuana. The bill is limited in scope to only those patients who are on the registry to receive the excise tax exemption. There is some confusion with the fiscal note, as it appears to include a large figure for the marijuana sales and not just the DOH compliant products that are purchased by those individual on the statewide registry. This bill is the single best thing you can do to improve patient access and to keep us out of the black market. The 37 percent excise tax makes it incredibly difficult for patients who are on fixed incomes to fully engage in the regulated market. The bill should be expanded to include all patient who have an authorization form from their health care provider. The members in our association consistently list this bill as one of their top priorities.

**Persons Testifying:** PRO: Senator Karen Keiser, Prime Sponsor; Danielle Rosellison, Trailblazin Productions; John Kingsbury, Patients United; Lukas Barfield, citizen; Lara Kaminsky, The Cannabis Alliance; Carlos Mullen, citizen.

**Persons Signed In To Testify But Not Testifying:** No one.