

SENATE BILL REPORT

SB 6271

As of January 19, 2024

Title: An act relating to modifying the cannabis excise tax to consider THC concentration.

Brief Description: Modifying the cannabis excise tax to consider THC concentration.

Sponsors: Senators Keiser, Stanford, Kuderer and Mullet.

Brief History:

Committee Activity: Labor & Commerce: 1/22/24.

Brief Summary of Bill

- Requires the Liquor and Cannabis Board (LCB) to collect data on cannabis product sales and submit a report to the Legislature by November 14, 2025.
- Requires LCB to formulate a recommended approach and implementation plan for modifying the cannabis excise tax and submit a report to the Legislature by September 18, 2026.

SENATE COMMITTEE ON LABOR & COMMERCE

Staff: Madeline Ralstin (786-7356)

Background: Liquor and Cannabis Board. The Legislature grants authority to the Liquor and Cannabis Board (LCB) to enforce laws and regulations relating to cannabis. LCB enforces the Uniform Controlled Substances Act, which consists of regulating the production, sale, and distribution of cannabis in Washington State.

Usable Cannabis, Cannabis Concentrates, and Cannabis-Infused Products. The possession of cannabis, usable cannabis, cannabis concentrates, or cannabis-infused products that do not exceed certain amounts specified in the law are not considered a violation of the

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Uniform Substances Act or any other provision of the law.

Cannabis refers to the entire cannabis plant, growing or not, with a THC concentration greater than 0.3 percent on a dry weight basis during the growing cycle through harvest and usable cannabis.

Useable cannabis refers to dried cannabis flowers.

Cannabis concentrates are products that consist entirely or partly of the resin extracted from any part of the cannabis plant and contains a THC concentration greater than 10 percent.

Cannabis-infused products are products that contain cannabis or cannabis extracts and are intended for human use. These products have a THC concentration no greater than 10 percent.

Cannabis Excise Tax. The cannabis excise tax is paid by the buyer to the seller and then collected by LCB. This tax is equal to 37 percent of the selling price on each retail sale of cannabis concentrates, useable cannabis, and cannabis-infused products. This tax is paid in addition to general state and local sales and use taxes.

Summary of Bill: Data Collection. LCB must collect data on cannabis product sales beginning December 1, 2024. LCB must collect data on the following information in Washington State:

- the amount of cannabis products sold in the following categories: usable cannabis, cannabis concentrates, and cannabis-infused products;
- the average THC concentration in usable cannabis and cannabis concentrates, and the average THC milligrams per unit in cannabis-infused products; and
- the range of THC concentration in usable cannabis and cannabis concentrates.

LCB must submit a report on the information collected to the Legislature by November 14, 2025.

Recommendation and Implementation Plan. LCB must formulate a recommended approach and implementation plan for modifying the cannabis excise tax. The proposed modification must be revenue neutral and propose a higher tax on cannabis products with a higher THC concentration. LCB may recommend alternative approaches and plans for the Legislature to consider. LCB must submit a report to the Legislature by September 18, 2026.

Appropriation: None.

Fiscal Note: Requested on January 19, 2024.

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

Effective Date: Ninety days after adjournment of session in which bill is passed.