
HOUSE BILL 2198

State of Washington

63rd Legislature

2014 Regular Session

By Representatives Carlyle, Appleton, Cody, and Haigh

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1 AN ACT Relating to providing tax relief to qualifying patients for
2 purchases of marijuana for medical use; adding a new section to chapter
3 82.08 RCW; adding a new section to chapter 82.12 RCW; creating a new
4 section; providing an effective date; and providing an expiration date.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds marijuana use for
7 qualifying patients is a valid and necessary option health care
8 professionals may recommend for their patients. The legislature
9 further finds that although there is a distinction between recreational
10 and medical use of marijuana, the changing environment for recreational
11 marijuana use in Washington will also affect qualifying patients. The
12 legislature further finds that while recognizing the difference between
13 recreational and medical use of marijuana, it is also imperative to
14 distinguish that the authorization for medical use of marijuana is
15 different from a valid prescription provided by a doctor to a patient.
16 The legislature further finds the authorization for medical use of
17 marijuana is unlike over-the-counter medications that require no
18 oversight by a health care professional. The legislature further finds
19 that due to the unique characterization of authorizations for medical

1 use of marijuana, the policy of providing a tax preference benefit for
2 patients using an authorization should in no way be construed as
3 precedence for changes in the treatment of prescription medications or
4 over-the-counter medications. Therefore, the legislature intends to
5 provide qualifying patients a retail sale and use tax exemption on
6 purchases of marijuana for medical use when authorized by a health care
7 professional.

8 (2)(a) This subsection is the tax preference performance statement
9 for the retail sale and use tax exemption for marijuana purchased by
10 qualifying patients provided in section 2 of this act. The performance
11 statement is only intended to be used for subsequent evaluation of the
12 tax preference. It is not intended to create a private right of action
13 by any party or be used to determine eligibility for preferential tax
14 treatment.

15 (b) The legislature categorizes the tax preference as one intended
16 to accomplish the general purposes indicated in RCW 82.32.808(2)(e).

17 (c) It is the legislature's specific public policy objective to
18 provide qualifying patients a retail sale and use tax exemption on
19 purchases of marijuana for medical use when authorized by a health care
20 professional.

21 (d) To measure the effectiveness of the exemption provided in this
22 act in achieving the specific public policy objective described in (c)
23 of this subsection, the joint legislative audit and review committee
24 must evaluate the actual fiscal impact of the sale and use tax
25 exemption in this legislation compared to the estimated impact in the
26 fiscal note for this legislation.

27 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW
28 to read as follows:

29 (1) Subject to the conditions and limitations provided in this
30 section, the tax levied by RCW 82.08.020 does not apply to the sales of
31 usable marijuana or marijuana-infused products for qualifying patients.

32 (2) The exemption authorized in this section only applies to
33 purchases made from marijuana retail outlets authorized under chapter
34 69.50 RCW. Retail outlets that sell sales tax exempt usable marijuana
35 or marijuana-infused products are required to file their tax return
36 electronically with the department.

1 (3) Each marijuana retail outlet making exempt sales is required to
2 maintain records of qualifying patient authorizations provided by the
3 purchaser.

4 (4) For sellers who electronically file their taxes, the department
5 must provide a separate tax reporting line for exemption amounts
6 claimed under this section.

7 (5) The definitions in this subsection apply throughout this
8 section.

9 (a) "Qualifying patient" has the same meaning as provided in RCW
10 69.51A.010.

11 (b) "Usable marijuana" has the same meaning as provided in RCW
12 69.50.101.

13 (c) "Marijuana-infused product" has the same meaning as provided in
14 RCW 69.50.101.

15 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12 RCW
16 to read as follows:

17 (1) The provisions of this chapter do not apply to the use of
18 usable marijuana or marijuana-infused products purchased by a
19 qualifying patient from an authorized marijuana retail outlet under
20 chapter 69.50 RCW.

21 (2) The definitions, conditions, and limitations in section 2 of
22 this act apply to this section.

23 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2014.

24 NEW SECTION. **Sec. 5.** This act expires July 1, 2024.

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