

# FINAL BILL REPORT

## E2SSB 5796

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Synopsis as Enacted

**Brief Description:** Restructuring cannabis revenue appropriations.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Saldaña, Stanford, Keiser, Lias and Wilson, C.).

**Senate Committee on Labor, Commerce & Tribal Affairs**  
**Senate Committee on Ways & Means**  
**House Committee on Appropriations**

**Background:** Dedicated Marijuana Account. The Dedicated Marijuana Account (Marijuana Account) is an appropriated account in the custody of the state treasurer. All moneys received by the Liquor and Cannabis Board (LCB) from marijuana-related activities must be deposited in the Marijuana Account. These moneys include marijuana excise taxes collected on sales of marijuana and marijuana products, license fees, penalties, and forfeitures from marijuana producers, processors, researchers, and retailers. Moneys from the account are distributed to agencies, local governments, and to the Basic Health Plan Trust Account. At the end of each fiscal year (FY), unappropriated amounts in the Marijuana Account are transferred into the state general fund.

Cannabis Appropriations. According to LCB's 2021 Annual Report, total cannabis income, which includes excise tax, license fees, and penalties, was \$473.9 million in FY20 and \$559.5 million in FY21. The current structure and amounts of cannabis appropriations are as follows:

- the Legislature must annually appropriate:
  - \$500,000 to the Health Care Authority (HCA) to design and administer the Washington State Healthy Youth Survey;
  - until 2032, \$200,000 to HCA to contract with the Washington State Institute for Public Policy (WSIPP) to conduct cost-benefit evaluations and produce reports regarding the legalization of marijuana;
  - \$20,000 to the University of Washington (UW) Alcohol and Drug Abuse Institute for education materials regarding health and safety risks posed by

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- marijuana use;
  - not less than \$1,250,000 to LCB for administration of the state Uniform Controlled Substances Act (UCSA);
  - \$1,323,000 in FY20 to the Health Professions Account for the development and administration of the Washington State Department of Health (DOH) marijuana authorization database;
  - \$2,453,000 in FY20, \$2,423,000 in FYs 21-23 to the Washington State Patrol Drug Enforcement Task Force;
  - \$98,000 in FY19 to the Washington State Department of Ecology (Ecology) for research on accreditation of marijuana product testing laboratories;
  - \$465,000 in FY20, \$464,000 in FY21, \$270,000 in FY22, and \$276,000 in FY23 to Ecology for accreditation of marijuana product testing laboratories;
  - \$189,000 in FY20 to DOH for rule-making regarding compassionate care renewals;
  - \$808,000 in FYs 21-23 to DOH for administration of the marijuana authorization database;
  - \$635,000 in FY20, \$635,000 in FY21, \$621,000 in FY 22, \$627,000 in FY23 to the Washington State Department of Agriculture (WSDA) for marijuana pesticide testing;
  - \$1,650,000 in FY22 and \$1,650,000 in FY23 to the Washington State Department of Commerce (Commerce) to fund the cannabis social equity technical assistance grant program; and
  - \$163,000 in FY22 and \$159,000 in FY23 to Commerce to establish the cannabis social equity roster of mentors;
- after appropriation of the amounts above, the Legislature must appropriate the remaining amounts in the Marijuana Account as follows:
  - up to 15 percent, but not less than \$25,536,000, subject to additional limitations, to HCA for administration of programs and practices aimed at prevention or reduction of substance use among middle and high school-age students;
  - up to 10 percent, but not less than \$9,750,000, to DOH for administration of a marijuana education and public health program and the Washington Poison Control Center;
  - up to 0.6 percent to UW and 0.4 percent to Washington State University (WSU) for marijuana research; except for FYs 19-23, the minimum amount appropriated to UW must be \$1,021,000 and \$681,000 to WSU;
  - 50 percent to the state Basic Health Plan Trust Account, administered by HCA;
  - 5 percent to HCA for contracted community centers providing certain health services; and
  - up to 0.3 percent, but not less than \$511,000, to the Washington Office of the Superintendent of Public Instruction (OSPI) to fund grants to building bridges programs;
- after appropriation of the amounts above, the Washington State Treasurer (treasurer) must transfer the remaining amounts into the state general fund; and

- if marijuana excise tax collections from the previous FY exceed \$25,000,000, then the Legislature must appropriate an amount equal to 30 percent, but not more than \$15,000,000 in FYs 18-21 or \$20,000,000 in succeeding FYs, of all marijuana excise taxes to the treasurer for distribution to counties, cities, and towns (local governments) as follows:
  - 30 percent to local governments where licensed marijuana retailers are physically located—each jurisdiction must receive a proportional share based on total revenues generated and taxes collected in such jurisdiction; and
  - 70 percent to local governments on a per capita basis provided the jurisdiction does not prohibit marijuana siting—counties must receive 60 percent based on each county's total proportional population.

Joint Legislative Audit and Review Committee. The Joint Legislative Audit and Review Committee (JLARC) is a committee comprised of an equal number of House of Representative and Senate members, Democrats and Republicans. JLARC conducts performance audits, program evaluations, sunset reviews, and other analyses. Assignments to conduct studies are made by the Legislature and JLARC itself. Based on these assignments, JLARC's non-partisan staff auditors, under the direction of the legislative auditor, independently seek answers to audit questions and issue recommendations to improve performance. JLARC's audits are directed to be independent, objective, and accurate.

**Summary:** The Marijuana Account is renamed the Dedicated Cannabis Account (Cannabis Account).

Cannabis Appropriations. *Modified, New Appropriations.* The Legislature must annually appropriate money in the Cannabis Account as follows:

- \$12,500,000 to LCB for administration of the UCSA;
- \$11,000,000 to DOH for administration of a commercial tobacco, vapor product, and marijuana education and public health program and the Washington Poison Control Center;
- \$3,000,000 to Commerce to fund the cannabis social equity technical assistance grant program;
- \$200,000 to Commerce to fund any cannabis social equity technical assistance roster of mentors;
- until June 30, 2032, \$200,000 to HCA to contract with WSIPP to conduct cost-benefit evaluations and produce reports regarding the legalization of marijuana;
- \$25,000 to UW Alcohol and Drug Abuse Institute for education materials regarding health and safety risks posed by marijuana use;
- \$300,000 to UW and \$175,000 to WSU for marijuana research;
- \$550,000 to OSPI to fund grants to building bridges programs;
- \$2,423,000 for FY22 and \$2,423,000 for FY23 for the Washington State Patrol Drug Enforcement Task Force;
- \$270,000 in FY22 and \$290,000 in FY23 to Ecology for accreditation of marijuana

- product testing laboratories;
- \$800,000 in FYs 20-23 to DOH for administration of the marijuana authorization database; and
- \$621,000 in FY22 and \$635,000 in FY23 to WSDA for marijuana pesticide testing.

The amounts listed above that continue beyond FY23 must be adjusted annually based on the United States Bureau of Labor Statistics' Consumer Price Index for the Seattle area.

Any amounts remaining after the distributions above must be distributed as follows:

- 52 percent to the Basic Health Trust Plan Account;
- 1.5 percent to local governments where retailers are physically located and each jurisdiction must receive a proportional share based on total revenues generated and taxes collected in such jurisdictions;
- 3.5 percent to local governments on a per capita basis provided the jurisdiction does not prohibit marijuana siting—counties must receive 60 percent based on each county's total proportional population;
- 11 percent to HCA for administration of the Washington State Healthy Youth Survey, programs and practices aimed at prevention or reduction of substance use among middle and high school-age students, and contracted community centers providing certain health services; and
- 32 percent to the State General Fund.

*Lapsed Appropriations.* Specific FY appropriations that have lapsed are removed.

Joint Legislative Audit and Review Committee Audit. JLARC must conduct a review of the appropriation and expenditure of cannabis revenues and report to the Legislature by December 1, 2023. The report must evaluate how the funds have been appropriated and expended, whether the appropriations and expenditures are consistent with the law, and whether information related to the appropriations and expenditures is readily available to the general public. Additionally, the report must include options for increasing the transparency and accountability of the appropriations and expenditures of cannabis-related revenues.

**Votes on Final Passage:**

Senate	41	7	
House	78	18	(House amended)
Senate	37	12	(Senate concurred)

**Effective:** June 9, 2022