
Regulated Substances & Gaming Committee

HB 1453

Brief Description: Providing a tax exemption for medical cannabis patients.

Sponsors: Representatives Wylie, Chapman and Kloba.

Brief Summary of Bill

- Provides a tax exemption from the 37 percent cannabis excise tax for qualifying patients and designated providers with a recognition card on purchases of cannabis products that are labeled as Department of Health (DOH) compliant product and tested in accordance with the DOH's rules.

Hearing Date: 1/24/23

Staff: Peter Clodfelter (786-7127).

Background:

There is levied and collected a cannabis excise tax equal to 37 percent of the selling price on each retail sale in Washington of cannabis concentrates, useable cannabis, and cannabis-infused products. This tax is separate and in addition to general state and local sales and use taxes that apply to retail sales of tangible personal property, and is not part of the total retail price to which general state and local sales and use taxes apply.

The tax must be reflected in the price list or quoted shelf price in the licensed cannabis retail store and in any advertising that includes prices for all cannabis products. All revenues collected from the cannabis excise tax must be deposited each day in the Dedicated Cannabis Account.

Qualifying patients and designated providers who have opted to participate in the Medical

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

Cannabis Authorization Database and be issued a recognition card, have an exemption from sales and use taxes on purchases of cannabis products identified by the Department of Health (DOH) as being a compliant cannabis product, but do not have an exemption from the 37 percent cannabis excise tax.

Cannabis products are subject to several mandatory fields of testing pursuant to the rules of the Washington State Liquor and Cannabis Board. Additionally, cannabis producers and processors may voluntarily opt to submit their products for additional testing for compliance with another layer of quality assurance standards established by the DOH and, if passing, may be labeled as a DOH "compliant product" bearing a label logo developed by the DOH. For example, heavy metal screening is required for all DOH compliant product. Heavy metal screening is optional for a non-DOH compliant product; however, heavy metal limits apply to all products and any product exceeding the provided limits are subject to recall and destruction.

Summary of Bill:

A tax exemption is provided to qualifying patients and designated providers who hold a recognition card, from the 37 percent cannabis excise tax, on their purchases of cannabis products that are labeled as a Department of Health (DOH) compliant product and tested in accordance with the DOH's rules.

Each seller making exempt sales must maintain information establishing eligibility for the exemption in the form and manner required by the Washington State Liquor and Cannabis Board (LCB). The LCB must provide a separate tax reporting line on the excise tax form for exemption amounts claimed.

Appropriation: None.

Fiscal Note: Requested on 01/23/2023.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.