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## Regulated Substances & Gaming Committee

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### SB 6271

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

**Sponsors:** Senators Keiser, Stanford, Kuderer and Mullet.

#### Brief Summary of Bill

- Requires the Liquor and Cannabis Board (LCB) to collect data on sales of cannabis products, including the amount of products sold in each category and the average tetrahydrocannabinol (THC) concentration of products sold in each category, with a report due in November 2025.
- Requires the LCB to formulate a recommended approach and implementation plan for modifying the cannabis excise tax, which must be revenue neutral and propose a higher tax on products with a higher THC concentration relative to other products in the same category, with a report due in September 2026.

**Hearing Date:** 2/14/24

**Staff:** Peter Clodfelter (786-7127).

#### Background:

Washington levies and collects a cannabis excise tax equal to 37 percent of the selling price on each retail sale of cannabis products. This tax is separate and in addition to general state and local sales and use taxes, and is not part of the total retail price to which general state and local sales and use taxes apply. The cannabis excise tax must be reflected in the price list or quoted shelf price in the store and in any advertising. All revenues collected from the cannabis excise

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tax are deposited each day in the Dedicated Cannabis Account.

The cannabis product types are defined as follows:

- "Useable cannabis" is defined as dried cannabis flowers. The term "useable cannabis" does not include either cannabis-infused products or cannabis concentrates.
- "Cannabis concentrate" is defined as products consisting wholly or in part of the resin extracted from any part of the plant Cannabis and having a tetrahydrocannabinol (THC) concentration greater than 10 percent.
- "Cannabis-infused product" is defined as products that contain cannabis or cannabis extracts, are intended for human use, are derived from cannabis, and have a THC concentration no greater than 10 percent. "Cannabis-infused product" does not include either useable cannabis or cannabis concentrates.

The LCB's rules establish that a single serving of a cannabis-infused product may not exceed 10 milligrams of active THC, and a package is limited to 10 servings or 100 milligrams of active THC.

### **Summary of Bill:**

Beginning December 1, 2024, the Liquor and Cannabis Board (LCB) must collect data on the following information on cannabis products sold within Washington and report to the Legislature by November 14, 2025:

- the amount of products being sold in the three product categories of useable cannabis, cannabis concentrates, and cannabis-infused products;
- the average THC concentration in useable cannabis and cannabis concentrates, and the average milligrams of THC per unit in cannabis-infused products; and
- the range of THC concentration in useable cannabis and cannabis concentrates.

Additionally, the LCB must formulate a recommended approach and implementation plan for modifying the cannabis excise tax, which may include recommended alternative approaches and plans for the Legislature to consider, and must be submitted to the Legislature with findings and recommendations by September 18, 2026.

The proposed modifications must be revenue neutral and propose a higher tax on products with a higher THC concentration relative to other products in the same category for each of the three product categories of useable cannabis, cannabis concentrates, and cannabis-infused products.

**Appropriation:** None.

**Fiscal Note:** Available.

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