

HOUSE BILL REPORT

HB 1341

As Reported by House Committee On:
Consumer Protection & Business

Title: An act relating to allowing the liquor and cannabis board to verify excise tax exemptions through the medical cannabis authorization database.

Brief Description: Concerning the medical cannabis authorization database.

Sponsors: Representative Wylie; by request of Liquor and Cannabis Board.

Brief History:

Committee Activity:

Consumer Protection & Business: 1/28/25, 2/5/25 [DP].

Brief Summary of Bill

- Allows the Liquor and Cannabis Board to verify excise tax exemptions through the medical cannabis authorization database.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: Do pass. Signed by 15 members: Representatives Walen, Chair; McClintock, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Abbarno, Berry, Corry, Donaghy, Fosse, Kloba, Morgan, Reeves, Ryu, Santos, Steele and Volz.

Staff: Megan Mulvihill (786-7304).

Background:

Medical Cannabis Authorization Database.

The medical cannabis authorization database (database) is maintained by the Department of Health (DOH). Medical cannabis patients or designated providers who have a valid

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authorization may choose to join the database and receive a recognition card. The recognition card includes the qualifying patient or designated provider's photograph, the amount of cannabis products and plants the cardholder may possess, the name of the health care professional who authorized the qualifying patient or designated provider, and other relevant information. The database is a secure system and state law limits who can view database information and how that information can be used. The Liquor and Cannabis Board may receive aggregate data reports to verify eligibility for tax exemptions.

Cannabis Excise Tax Exemptions.

Cannabis concentrates, useable cannabis, and cannabis-infused products sold at retail in Washington have a 37 percent cannabis excise tax added to the selling price. 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 database and are issued a recognition card are exempt from both the sales and use taxes and the cannabis excise tax on purchases of cannabis products sold by retailers with a medical cannabis endorsement and for products identified by the DOH as being a compliant cannabis product. This exemption from the cannabis excise tax expires on June 30, 2029.

Summary of Bill:

The Liquor and Cannabis Board is permitted to verify excise tax exemptions through the database.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Cannabis products can be seriously effective for persons who are ill. Last year the Legislature created a tax exemption for medical patients, a critical component to a compassionate approach. There are more stringent controls on medical cannabis products,

and the DOH manages this part. A year ago medical sales were almost zero, and there was almost no product available. Medical cannabis is a costlier product, and it had little demand. The tax exemption enacted is only for registered medical patients for DOH compliant products at retailers with a medical endorsement. There was concern that there would be an explosion of demand, but that has not happened. This legislation would allow the Liquor and Cannabis Board and the DOH to share data to ensure the incentive the Legislature passed works the way it was intended. People are worried about abuse with the tax exemption. This is how the state ensures it is not abused and that laws are met.

(Opposed) None.

Persons Testifying: Representative Sharon Wylie, prime sponsor; Marc Webster, Washington State Liquor and Cannabis Board; and Caitlein Ryan, THE CANNABIS ALLIANCE.

Persons Signed In To Testify But Not Testifying: None.