

SENATE BILL REPORT

SB 5700

As Reported by Senate Committee On:
Labor & Commerce, February 21, 2025

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: Senators King, Saldaña and Nobles.

Brief History:

Committee Activity: Labor & Commerce: 2/10/25, 2/21/25 [DP].

Brief Summary of Bill

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

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Saldaña, Chair; Conway, Vice Chair; King, Ranking Member; Alvarado, MacEwen, Ramos, Schoesler and Stanford.

Staff: Marlon Llanes (786-7423)

Background: Medical Cannabis Authorization Database. The medical cannabis authorization database (database) is maintained by the Department of Health. Medical cannabis patients or designated providers who have a valid authorization may choose to join the database and receive a recognition card. The recognition card includes, among other things, the qualifying patient or designated provider's photograph and the amount of cannabis products the cardholder may possess. The database allows the Department of Revenue to verify tax exemptions under specified law.

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 Excise Tax. The sale of cannabis is subject to a cannabis excise tax equal to 37 percent of the selling price of cannabis concentrates, useable cannabis, and cannabis-infused products. The tax is separate and in addition to general state and local sales taxes that apply to retail sales.

Medical Cannabis Tax Exemptions. Medical cannabis patients and designated providers who have been issued a recognition card are exempt from both the sales taxes and the cannabis excise tax on purchases of certain cannabis products, including products sold by retailers with a medical cannabis endorsement. The exemption from the cannabis excise tax expires on June 30, 2029.

Summary of Bill: The Liquor and Cannabis Board is permitted to verify specified excise tax exemptions through the database.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The medical cannabis excise tax exemption was created last year to support a declining medical cannabis market. The tax exemption helps patients and medical cannabis producers, but only works if it is applied narrowly. If the exemption is applied to recreational customers or products, it does not benefit patients and the state loses revenue. The bill should move forward because it allows LCB to ensure the exemption is being used by patients and for compliant products, protects medically endorsed retail stores, and keeps patient information anonymous.

Persons Testifying: PRO: Marc Webster, Washington State Liquor and Cannabis Board; Caitlein Ryan.

Persons Signed In To Testify But Not Testifying: No one.