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HOUSE BILL 2075

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State of Washington

69th Legislature

2025 Regular Session

By Representatives Davis and Ryu

Read first time 04/09/25. Referred to Committee on Finance.

1 AN ACT Relating to increasing the cannabis excise tax on high THC  
2 cannabis products; and amending RCW 69.50.535.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 69.50.535 and 2024 c 79 s 1 are each amended to read  
5 as follows:

6 (1)(a) There is levied and collected a cannabis excise tax equal  
7 to ~~((thirty-seven))~~ 37 percent of the selling price on each retail  
8 sale in this state of ~~((cannabis concentrates, useable cannabis, and~~  
9 ~~cannabis-infused products. This tax))~~ :

10 (i) Cannabis concentrates with a THC concentration of no greater  
11 than 35 percent;

12 (ii) Useable cannabis with a THC concentration no greater than 35  
13 percent; and

14 (iii) Cannabis-infused products.

15 (b) There is levied and collected a cannabis excise tax equal to  
16 50 percent of the selling price on each retail sale in this state of:

17 (i) Cannabis concentrates with a THC concentration greater than  
18 35 percent; and

19 (ii) Useable cannabis with a THC concentration greater than 35  
20 percent.

1        (c) The tax levied in this section is separate and in addition to  
2 general state and local sales and use taxes that apply to retail  
3 sales of tangible personal property, and is not part of the total  
4 retail price to which general state and local sales and use taxes  
5 apply. The tax must be separately itemized from the state and local  
6 retail sales tax on the sales receipt provided to the buyer.

7        ~~((b))~~ (d) The tax levied in this section must be reflected in  
8 the price list or quoted shelf price in the licensed cannabis retail  
9 store and in any advertising that includes prices for all useable  
10 cannabis, cannabis concentrates, or cannabis-infused products.

11        (2)(a) Until June 30, 2029, the tax levied by subsection (1) of  
12 this section does not apply to sales by a cannabis retailer with a  
13 medical cannabis endorsement to qualifying patients or designated  
14 providers who have been issued a recognition card, of cannabis  
15 concentrates, useable cannabis, or cannabis-infused products,  
16 identified by the department as a compliant cannabis product in  
17 chapter 246-70 WAC and tested to the standards in WAC 246-70-040.

18        (b) Each seller making exempt sales under this subsection (2)  
19 must maintain information establishing eligibility for the exemption  
20 in the form and manner required by the board.

21        (c) The board must provide a separate tax reporting line on the  
22 excise tax form for exemption amounts claimed under this subsection  
23 (2).

24        (3) All revenues collected from the cannabis excise tax imposed  
25 under this section must be deposited each day in the dedicated  
26 cannabis account.

27        (4) The tax imposed in this section must be paid by the buyer to  
28 the seller. Each seller must collect from the buyer the full amount  
29 of the tax payable on each taxable sale. The tax collected as  
30 required by this section is deemed to be held in trust by the seller  
31 until paid to the board. If any seller fails to collect the tax  
32 imposed in this section or, having collected the tax, fails to pay it  
33 as prescribed by the board, whether such failure is the result of the  
34 seller's own acts or the result of acts or conditions beyond the  
35 seller's control, the seller is, nevertheless, personally liable to  
36 the state for the amount of the tax.

37        (5) The definitions in this subsection apply throughout this  
38 section unless the context clearly requires otherwise.

39        (a) "Retail sale" has the same meaning as in RCW 82.08.010.

1 (b) "Selling price" has the same meaning as in RCW 82.08.010,  
2 except that when product is sold under circumstances where the total  
3 amount of consideration paid for the product is not indicative of its  
4 true value, "selling price" means the true value of the product sold.

5 (c) "Product" means cannabis, cannabis concentrates, useable  
6 cannabis, and cannabis-infused products.

7 (d) "True value" means market value based on sales at comparable  
8 locations in this state of the same or similar product of like  
9 quality and character sold under comparable conditions of sale to  
10 comparable purchasers. However, in the absence of such sales of the  
11 same or similar product, true value means the value of the product  
12 sold as determined by all of the seller's direct and indirect costs  
13 attributable to the product.

14 (6) ~~((a))~~ The board must regularly review the tax levels  
15 established under this section and make recommendations, in  
16 consultation with the department of revenue, to the legislature as  
17 appropriate regarding adjustments that would further the goal of  
18 discouraging use while undercutting illegal market prices.

19 ~~((b) The board must report, in compliance with RCW 43.01.036, to  
20 the appropriate committees of the legislature every two years. The  
21 report at a minimum must include the following:~~

22 ~~(i) The specific recommendations required under (a) of this  
23 subsection;~~

24 ~~(ii) A comparison of gross sales and tax collections prior to and  
25 after any cannabis tax change;~~

26 ~~(iii) The increase or decrease in the volume of legal cannabis  
27 sold prior to and after any cannabis tax change;~~

28 ~~(iv) Increases or decreases in the number of licensed cannabis  
29 producers, processors, and retailers;~~

30 ~~(v) The number of illegal and noncompliant cannabis outlets the  
31 board requires to be closed;~~

32 ~~(vi) Gross cannabis sales and tax collections in Oregon; and~~

33 ~~(vii) The total amount of reported sales and use taxes exempted  
34 for qualifying patients. The department of revenue must provide the  
35 data of exempt amounts to the board.~~

36 ~~(c) The board is not required to report to the legislature as  
37 required in (b) of this subsection after January 1, 2025.)~~

38 (7) The legislature does not intend and does not authorize any  
39 person or entity to engage in activities or to conspire to engage in  
40 activities that would constitute per se violations of state and

1 federal antitrust laws including, but not limited to, agreements  
2 among retailers as to the selling price of any goods sold.

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