



## Washington State Liquor and Cannabis Board

**Bill Description:** Restructuring cannabis revenue appropriations to provide transparency and accountability and to increase community infrastructure and investment

**Bill Number:** E2SSB 5796

**Sponsor:** Senator Rebecca Saldaña

**Effective Date:** June 9, 2022

**Amends:** RCW 69.50.530 and 69.50.540

### Background

Cannabis revenue collections have grown steadily and significantly since licensed retail stores opened for adult-use sales in 2014. Biennial cannabis excise tax revenue collections today exceeds \$1 billion. In addition, over the period since adult use cannabis sales began, the Legislature has at times diverted some revenue from the initially intended uses of those revenues to address other critical state priorities. Some residents advocate that cannabis revenues should be used to support other program priorities or should be distributed in different ways; others were simply curious and didn't know how those revenues were being allocated.

In recent years there has been increasing advocacy from a social equity perspective arguing that cannabis revenues should do more to redress the harms inflicted disproportionately on communities of color through the War on Drugs. As with other high-visibility revenue streams there is a great deal of public interest in how those revenues are used.

### Bill Summary

This bill re-structures the statute outlining intended appropriations from the "Dedicated Marijuana Account," re-named the "Dedicated Cannabis Account." This is a permanent statute which functions as a statement of intent – rather than actual budget allocations. It outlines a series of specific amounts that are intended to be appropriated, and includes percentage distributions of the funds remaining after the specific amounts have been provided. Most items are not significantly changed under the bill, but a few changes are of particular interest.

The amount provided to Department of Commerce for **social equity** grants is increased from \$1.65 million annually to \$3 million. The amount provided to Commerce for the roster of mentors to support **social equity** applicants is increased from \$165,000 to \$200,000.

Up to \$1 million was added for Department of Health efforts to administer education and health programs around cannabis, and a focus on **tobacco and vapor products** was added.

Remaining amounts in the Cannabis Account would be distributed, in part, as follows:

- 52% for the Basic Health Plan to support Medicaid services, up from 50% previously;
- Local governments, which previously were slated to receive \$20 million annually, would now receive 3.5% on a per capita basis;
- Local governments where cannabis retailers are physically located would receive another 1.5% of the available funds, based on the amount of revenue generated within their jurisdictions; and

- 32% would go to the state General Fund, rather than the unspecified remainder after all other distributions are made under previous law.

The bill directs the Joint Legislative Audit Review Committee (JLARC) to review expenditure of cannabis revenues and report its findings to the Legislature by December 1, 2023. The report will evaluate how funds have been appropriated and spent, whether such spending has been consistent with law, and whether information related to cannabis appropriations and expenditures is readily available to the general public. Options for increasing transparency and accountability of how cannabis revenue is used are to be included.

###