Marijuana Retailers
Bulletin No 16-02

Date: March 14, 2016
To: Industry Members
From: Deputy Chief Steven D. Johnson, Olympia
Subject: The Receipt of Monetary Tips in Retail Marijuana Stores

The Washington State Liquor and Cannabis Board (LCB) has received several inquiries asking about the practice of bud tender tip jars. In response, the LCB has reviewed their position and this bulletin is to clarify the policy on allowable tipping.

Tipping has not been an allowable practice in a retail marijuana licensed location. This position was adopted based on an interpretation of RCW 69.50.357, and indications that prices of products were being manipulated based on the size of a tip to avoid paying excise tax. However, changes in RCW 69.50.535 established in 2ESHB 2136 (Laws of 2015, 2d Spec. Sess., Ch. 4), modified the tax structure associated with marijuana sales, partially negating the concerns associated with prices being adjusted to avoid taxes. The legislation also prohibited sales of marijuana and marijuana products conditioned on the buyer’s purchase of a service or non-marijuana product. RCW 69.50.380. It placed restrictions on “bundled” transactions as well. RCW 69.50.570. Due to the statutory change, the Board has revisited the policy position, and its interpretation of RCW 69.50.357.

Effective immediately, customer tipping is now an allowable practice in licensed retail marijuana stores. However, tipping cannot be required or a condition of sale, nor can it be linked to the price of the product to avoid tax obligations. If a licensee allows tipping for their staff, licensees are reminded that there may be business or employee taxes associated with tips received.

For more information, please contact your enforcement officer.

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