



## Washington State Liquor and Cannabis Board

**Bill Description:** Providing a tax exemption for medical cannabis patients

**Bill Number:** SHB 1453

**Sponsor:** Rep. Sharon Wylie

**Effective Date:** 6/6/2024

**Amends:** Amends RCW 69.50.535, and creates a new section

### Background

RCW 69.50.535 sets an excise tax on the sale of legal cannabis in Washington State. The rate is 37% of the sales price, and the law states that buyers must pay the full amount of the tax on each purchase. The Washington State Liquor and Cannabis Board collects the excise tax, and the retail sales tax is collected by the Department of Revenue.

The Legislature passed SB 5052 in 2015, which among other provisions created a medical cannabis system including a database of authorized patients and standards for the production and sale of medical cannabis. The Department of Health (DOH) maintains the Medical Cannabis Authorization Database, which authorizes patients to buy more cannabis products than non-medical patients, and which also exempts these purchases from the retail sales tax. Patients must have an authorization form from their medical provider and suffer from one or more listed conditions to qualify for being added to the DOH database registry.

The DOH also sets standards for medical cannabis. It created testing requirements more stringent than those that apply to recreational cannabis. It also sets requirements for cannabis retailers who want to hold a medical endorsement. Among these requirements are carrying medical cannabis products, having a consultant on staff who can advise patients, and having the ability to register patients in the DOH registry.

### Summary

SHB 1453 creates a temporary excise tax exemption on cannabis sales that meet three conditions. First, the buyer must be a registered patient in the DOH Medical Cannabis Authorization database. Second, they must buy the cannabis from a retailer holding a current medical endorsement. Finally, only DOH-compliant medical cannabis qualifies for the excise tax exemption under WAC 246-70-040. No other cannabis products qualify for the excise tax exemption, which expires on June 30, 2029.