



Medical Cannabis - Excise Tax Exemption

How It Works:

All 3 criteria must be met before a medically endorsed retailer can give the 37% excise tax exemption to a qualified patient.

ONLY

Cannabis retailers with a medical cannabis endorsement may offer the exemption to qualifying patients

ONLY

Qualifying patients, or their designated provider, who are in the state registry and who have a registration card can get the tax exemption

ONLY

Product identified and labeled as compliant product under WAC 246-70-040 is eligible for the excise tax exemption

Any sale that does not meet the three requirements above is not eligible for the excise tax exemption. Retailers must maintain information on eligibility for the exemption. Retailers who give excise tax exemptions that do not meet the requirements must pay the full 37% excise tax amount to the state for ineligible sales.

FAQs related to HB 1453 and RCW 69.50.535

Q. As a cannabis retailer can I give the 37% excise tax exemption to patients even if I do not have a medical cannabis endorsement?

A. No, only retailers with a medical cannabis endorsement may provide the 37% excise tax exemption.

Q. If a customer indicates they consume cannabis for medical purposes, can a medically endorsed store provide the tax exemption to the customer?

A. No. The 37% cannabis excise tax exemption may only be given to medical cannabis patients and designated providers who are in the Department of Health (DOH) registry database, and who also hold a valid registration card.

Q. Do all cannabis products qualify as “medical cannabis” for a registered patient to buy and get the 37% excise tax exemption?

A. No. The excise tax exemption may only be applied to medically compliant product as defined in WAC 246-70-040, which must be labeled following the state’s labeling rule.

Q. When can a cannabis retailer with a medical endorsement begin to provide the 37% excise tax exemption to registered medical cannabis patients buying qualifying products?

A. HB 1453 takes effect June 06, 2024. Cannabis retailers with a medical endorsement may then give the tax exemption on medically compliant product (specified in WAC 246-70-040) to qualified patients. Until more specific rules are put in place, retailers must maintain records showing that tax exemptions were only given for eligible sales. Licensees will be responsible to pay the 37% excise tax to the state on any sale that is not eligible for the exemption.

Q. What records should I keep for tax exemptions?

A. Rulemaking will be coming soon. Until then follow existing state tax and reporting rules found on LCB’s [Cannabis Taxes webpage](#).

Q. Who can I contact if I have questions?

A. Medical Cannabis, Registry/Database, Medical Patient Card: [Dept. of Health](#)

A. Medical Endorsements for Retailers, Contact your Cannabis Consultant or Enforcement Officer: [LCB Cannabis](#)