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## Commerce & Gaming Committee

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### HB 2301

**Brief Description:** Concerning the appropriation to counties of moneys from the dedicated marijuana account for the purpose of funding legal services for indigent defendants in criminal cases.

**Sponsors:** Representatives Walsh, Shea, Muri, McDonald, Blake, Pike, Kraft and Young.

#### Brief Summary of Bill

- Requires that 33.3 percent of of all moneys in the Dedicated Marijuana Account be distributed annually to counties based on the total excise tax revenues collected from marijuana business licensees located in the cities, towns, and unincorporated areas within that county.
- Requires that the share of the distribution going to individual counties be calculated on a pro rata basis based upon the marijuana excise tax revenues generated by the cities, towns, and unincorporated areas within that county.
- Requires that a county receiving this distribution must use the funds for the sole purpose of funding legal services for indigent defendants in criminal cases.

**Hearing Date:** 1/8/18

**Staff:** Thamas Osborn (786-7129).

#### **Background:**

##### **Marijuana Excise Tax.**

The state imposes a marijuana excise tax on licensed marijuana-related businesses equal to 37 percent of the selling price on each retail sale of marijuana, marijuana concentrates, useable marijuana, and marijuana-infused products. All revenues derived from the marijuana excise tax must be deposited in the Dedicated Marijuana Account.

##### **Dedicated Marijuana Account.**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

Initiative 502 created a Dedicated Marijuana Account consisting of moneys derived from marijuana excise taxes, license fees, penalties, forfeitures, and all other moneys, income, or revenue received by the LCB from marijuana-related commerce and activities. Proceeds from the account must be distributed every three months by the Liquor and Cannabis Board (LCB) to specified public entities and in amounts established in statute. The recipients of distributions from the Dedicated Marijuana Account include:

- Department of Social and Health Services;
- University of Washington;
- Department of Health;
- counties, cities, and towns;
- local health departments;
- Washington State Poison Control Center; and
- various public health-related programs.

**Distribution of Marijuana Excise Tax Revenue to Counties, Cities, and Towns.**

Beginning in fiscal year 2018, a portion of marijuana excise tax revenues deposited into the State General Fund will be shared with counties, cities, and towns. However, distributions to local jurisdictions will not occur until \$25 million of marijuana tax revenues have been deposited into the State General Fund, at which point 30 percent of the previous fiscal year's General Fund revenues will be distributed to eligible counties, cities, and towns.

Thirty percent of the local government distribution must be disbursed to individual counties, cities, and towns based upon the amount of marijuana excise tax revenues generated by licensed retail marijuana stores within the county, city, or town. The remaining 70 percent must be disbursed based on population, with counties receiving 60 percent of this allocation and cities and towns sharing the remaining 40 percent. Jurisdictions that prohibit the siting of state-licensed marijuana producers, processors, and retailers are not eligible for a share of marijuana excise tax revenues.

**Summary of Bill:**

Beginning July 1, 2019, 33.3 percent of all moneys in the Dedicated Marijuana Account must be appropriated annually to the treasurer for distribution to counties on a pro rata basis in accordance with specified requirements. First, the moneys distributed to an individual county must be equal to that county's proportional share of the 33.3 percent appropriation from the Dedicated Marijuana Account. The dollar amount of this proportional share must, in turn, be calculated on a pro rata basis as determined by reference to the total excise tax revenues collected from marijuana business licensees located in the cities, towns, and unincorporated areas within that county. In other words, the dollar amount of the distribution going to a particular county is contingent on the marijuana excise tax revenues generated the within that county. Finally, a county receiving this distribution must use the funds for the sole purpose of funding legal services for indigent defendants in criminal cases.

The 33.3 percent distribution required under the act has priority over, and comes before, all other distributions from the Dedicated Marijuana Account as specified in statute.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.