

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1453**

68th Legislature  
2024 Regular Session

Passed by the House March 6, 2024  
Yeas 82 Nays 14

---

**Speaker of the House of  
Representatives**

Passed by the Senate March 1, 2024  
Yeas 36 Nays 13

---

**President of the Senate**

Approved

---

**Governor of the State of Washington**

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1453** as passed by the House of Representatives and the Senate on the dates hereon set forth.

---

**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

---

**SUBSTITUTE HOUSE BILL 1453**

---

AS AMENDED BY THE SENATE

Passed Legislature - 2024 Regular Session

**State of Washington**                      **68th Legislature**                      **2023 Regular Session**

**By** House Finance (originally sponsored by Representatives Wylie, Chapman, and Kloba)

READ FIRST TIME 02/23/23.

1            AN ACT Relating to providing a tax exemption for medical cannabis  
2 patients; amending RCW 69.50.535; and creating a new section.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4            **Sec. 1.** RCW 69.50.535 and 2022 c 16 s 101 are each amended to  
5 read as follows:

6            (1)(a) There is levied and collected a cannabis excise tax equal  
7 to thirty-seven percent of the selling price on each retail sale in  
8 this state of cannabis concentrates, useable cannabis, and cannabis-  
9 infused products. This tax is separate and in addition to general  
10 state and local sales and use taxes that apply to retail sales of  
11 tangible personal property, and is not part of the total retail price  
12 to which general state and local sales and use taxes apply. The tax  
13 must be separately itemized from the state and local retail sales tax  
14 on the sales receipt provided to the buyer.

15            (b) The tax levied in this section must be reflected in the price  
16 list or quoted shelf price in the licensed cannabis retail store and  
17 in any advertising that includes prices for all useable cannabis,  
18 cannabis concentrates, or cannabis-infused products.

19            (2)(a) Until June 30, 2029, the tax levied by subsection (1) of  
20 this section does not apply to sales by a cannabis retailer with a  
21 medical cannabis endorsement to qualifying patients or designated

1 providers who have been issued a recognition card, of cannabis  
2 concentrates, useable cannabis, or cannabis-infused products,  
3 identified by the department as a compliant cannabis product in  
4 chapter 246-70 WAC and tested to the standards in WAC 246-70-040.

5 (b) Each seller making exempt sales under this subsection (2)  
6 must maintain information establishing eligibility for the exemption  
7 in the form and manner required by the board.

8 (c) The board must provide a separate tax reporting line on the  
9 excise tax form for exemption amounts claimed under this subsection  
10 (2).

11 (3) All revenues collected from the cannabis excise tax imposed  
12 under this section must be deposited each day in the dedicated  
13 cannabis account.

14 ~~((3))~~ (4) The tax imposed in this section must be paid by the  
15 buyer to the seller. Each seller must collect from the buyer the full  
16 amount of the tax payable on each taxable sale. The tax collected as  
17 required by this section is deemed to be held in trust by the seller  
18 until paid to the board. If any seller fails to collect the tax  
19 imposed in this section or, having collected the tax, fails to pay it  
20 as prescribed by the board, whether such failure is the result of the  
21 seller's own acts or the result of acts or conditions beyond the  
22 seller's control, the seller is, nevertheless, personally liable to  
23 the state for the amount of the tax.

24 ~~((4))~~ (5) The definitions in this subsection apply throughout  
25 this section unless the context clearly requires otherwise.

26 ~~(a) ("Board" means the state liquor and cannabis board.~~

27 ~~(b))~~ "Retail sale" has the same meaning as in RCW 82.08.010.

28 ~~((e))~~ (b) "Selling price" has the same meaning as in RCW  
29 82.08.010, except that when product is sold under circumstances where  
30 the total amount of consideration paid for the product is not  
31 indicative of its true value, "selling price" means the true value of  
32 the product sold.

33 ~~((d))~~ (c) "Product" means cannabis, cannabis concentrates,  
34 useable cannabis, and cannabis-infused products.

35 ~~((e))~~ (d) "True value" means market value based on sales at  
36 comparable locations in this state of the same or similar product of  
37 like quality and character sold under comparable conditions of sale  
38 to comparable purchasers. However, in the absence of such sales of  
39 the same or similar product, true value means the value of the

1 product sold as determined by all of the seller's direct and indirect  
2 costs attributable to the product.

3 ~~((+5))~~ (6)(a) The board must regularly review the tax level  
4 established under this section and make recommendations, in  
5 consultation with the department of revenue, to the legislature as  
6 appropriate regarding adjustments that would further the goal of  
7 discouraging use while undercutting illegal market prices.

8 (b) The board must report, in compliance with RCW 43.01.036, to  
9 the appropriate committees of the legislature every two years. The  
10 report at a minimum must include the following:

11 (i) The specific recommendations required under (a) of this  
12 subsection;

13 (ii) A comparison of gross sales and tax collections prior to and  
14 after any cannabis tax change;

15 (iii) The increase or decrease in the volume of legal cannabis  
16 sold prior to and after any cannabis tax change;

17 (iv) Increases or decreases in the number of licensed cannabis  
18 producers, processors, and retailers;

19 (v) The number of illegal and noncompliant cannabis outlets the  
20 board requires to be closed;

21 (vi) Gross cannabis sales and tax collections in Oregon; and

22 (vii) The total amount of reported sales and use taxes exempted  
23 for qualifying patients. The department of revenue must provide the  
24 data of exempt amounts to the board.

25 (c) The board is not required to report to the legislature as  
26 required in (b) of this subsection after January 1, 2025.

27 ~~((+6))~~ (7) The legislature does not intend and does not  
28 authorize any person or entity to engage in activities or to conspire  
29 to engage in activities that would constitute per se violations of  
30 state and federal antitrust laws including, but not limited to,  
31 agreements among retailers as to the selling price of any goods sold.

32 NEW SECTION. **Sec. 2.** (1) This section is the tax preference  
33 performance statement for the tax preference contained in section 1,  
34 chapter . . . , Laws of 2024 (section 1 of this act). This performance  
35 statement is only intended to be used for subsequent evaluation of  
36 the tax preference. It is not intended to create a private right of  
37 action by any party or to be used to determine eligibility for  
38 preferential tax treatment.

1           (2) The legislature categorizes this tax preference as one  
2 intended to provide tax relief for certain businesses or individuals,  
3 as indicated in RCW 82.32.808(2)(e).

4           (3) It is the legislature's specific public policy objective to  
5 ensure medical cannabis products are accessible and affordable for  
6 qualifying patients and designated providers.

7           (4) The joint legislative audit and review committee must include  
8 in its review of this tax preference an evaluation of:

9           (a) Any change in the number of qualifying patients or designated  
10 providers;

11           (b) Any change in the amount, types, or sales of tax-exempt  
12 products, as identified in section 1 of this act; and

13           (c) Any other information the joint legislative audit and review  
14 committee deems necessary to evaluate the tax preference in section 1  
15 of this act.

16           (5) In order to obtain the data necessary to perform the review  
17 in subsection (4) of this section, the joint legislative audit and  
18 review committee may access any data collected by the department of  
19 health or the liquor and cannabis board or any other data collected  
20 by the state.

21           (6) The joint legislative audit and review committee must submit  
22 a report of its findings to the legislature by December 1, 2028.

--- END ---