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**SENATE BILL 5650**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** Senators Wagoner, Christian, and Holy

AN ACT Relating to authorizing a local excise tax on cannabis; and adding a new section to chapter 82.14 RCW.

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

NEW SECTION. **Sec.**  A new section is added to chapter 82.14 RCW to read as follows:

(1)(a) The legislative authority of any county may impose an excise tax of up to two percent of the selling price on the retail sale of cannabis concentrates, useable cannabis, and cannabis-infused products. The legislative authority of the county may only impose the tax by ordinance and must condition its imposition on the specific authorization of a majority of the voters voting on a proposition submitted at a special or general election. The ordinance and ballot proposition may provide for the tax to apply for a period of up to seven consecutive years.

(b) If a county has not imposed the excise tax under (a) of this subsection before July 1, 2027, then a city within that county may impose an excise tax of up to two percent of the selling price on the retail sale of cannabis concentrates, useable cannabis, and cannabis-infused products. The legislative authority of the city may only impose the tax by ordinance and must condition its imposition on the specific authorization of a majority of the voters voting on a proposition submitted at a special or general election. The ordinance and ballot proposition may provide for the tax to apply for a period of up to seven consecutive years.

(c) The tax authorized in this section is in addition to any other taxes authorized by law and must be collected from those persons who are taxable by the state under RCW 69.50.535 upon the occurrence of any taxable event within the county or city.

(d) A county and a city within that county may not concurrently impose the tax authorized in this section.

(2) The legislative authority of a county or city may reimpose a tax under this section for one or more additional periods of up to seven consecutive years. The legislative authority of the county or city may only reimpose the tax by ordinance and on the prior specific authorization of a majority of the voters voting on a proposition submitted at a special or general election.

(3)(a) If the tax under this section is imposed by a county, then the state treasurer must distribute 15 percent of the moneys to the county in which the tax was collected. The remainder of the moneys collected under this section must be distributed to the county and the cities within the county where licensed cannabis retailers are physically located. Each jurisdiction must receive a share of the revenue distribution under this section based on the proportional share of the total revenues generated in the individual jurisdiction from the taxes collected under this section from licensed cannabis retailers physically located in the county and the cities within the county.

(b) If the tax under this section is imposed by a city, then the state treasurer must distribute 15 percent of the moneys to the county and the remainder must be distributed to the city.

(4) The liquor and cannabis board must perform the collection of taxes under this section on behalf of a county or city and the state treasurer must distribute those taxes as available on a monthly basis to the county and cities within the county. Before the effective date of a resolution or ordinance to impose an excise tax under this section, the legislative authority of the county or city must contract with the liquor and cannabis board for tax administration and collection. The liquor and cannabis board may deduct a percentage amount, as provided by contract, not to exceed one percent of the taxes collected for administration and collection expenses incurred by the board.

(5) The definitions in RCW 69.50.535 apply to this section.

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