



The Cannabis Alliance is a non-profit, membership-based association of individuals, businesses, government officials, and non-profit organizations **dedicated to the advancement of a vital, ethical, and sustainable cannabis industry.** We understand that the war on drugs has created misconceptions, mistrust and even fear about the industry and legalization. We want to change those perceptions and improve the business environment for our members through education, advocacy, and helping set the highest possible industry standards.

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Patient Excise Tax

"The Board realizes that removing the excise tax on compliant marijuana products purchased by registered patients, would have the potential to lower the market price of these products. This may be an incentive for patients without a recognition card, to obtain one for the express purpose of benefiting from the excise tax exemption. This would in turn increase the revenue loss to the state."

There will be one-time costs to modify systems to handle the excise tax exemption. This totals \$45,931.

ISSUE BRIEF

PATIENT PROTECTION ACT

In 2015 the Cannabis Patient Protection Act (SB5052) was passed to integrate the medical market with the regulated recreational market. Two primary goals of the law according to the Dept of Health (DOH) were to: Ensure patients have access to higher quality products. Allow for state sales and use tax breaks for patients entered into the authorization database. Under state law, all retail marijuana sales are subject to a 37% excise tax, in addition to state and local sales tax. According to 5052, patients who are in the database can be exempt from the 6.5-10.4% sales tax on their purchases. Patients are still, however, subject to the almost 40% tax applied to all marijuana sales.

THE CURRENT LANDSCAPE

In our surveys, patients consistently indicate that 49% of them are staying out of the market because it does not service their needs.

Excise Tax on Marijuana Purchase by State

Consumer facing tax January 2019



Source: Tax Foundation

The top three reasons that they cite are: fear of inadequate testing (quality), cost, and lack of appropriate products in the store. DOH compliant products are the only highly tested products that meet that lack of "safe and tested" concern but there is a dearth of these products in the market. The cost of medical-grade cannabis with the 37% excise tax is far out of the range of chronically ill patients -who are disproportionately poor, and whose consumption is generally higher. WSLCB is delayed in their effort to define product testing standards and DOE is still 3 years away from defining lab standards leaving patients wondering if they can access

safe medicine. This bill incentivizes the market to answer that question.

A SOLUTION

This legislation removes the 37% tax on compliant products to patients registered in the database. Removing the almost 40% tax for this small but important base of customers reverses the challenges we are currently seeing. It incentivizes the production of compliant products while also incentivizing retail owners to stock these products. It brings purchasing of the product within financial reach of well-qualified patients, going a long way to address the top reasons patients are not accessing the market.