

# Cannabis Excise Tax

**RCW** 69.50.530, 69.50.535, and 69.50.540

**Tax Base** Retailers of cannabis products collect tax on the selling price of cannabis concentrates, useable cannabis, and cannabis-infused products.

This tax applies in addition to the retail sales, use, business and occupation and litter taxes that retailers collect or pay.

**Tax Rate** 37%

**Recent Collections (\$000)**

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$554,861	18.4%	2.0%
2020	\$468,810	20.2%	2.0%
2019	\$389,975	8.0%	1.7%
2018	\$361,169	14.9%	1.7%
2017	\$314,460	69.3%	1.6%
2016	\$185,778	187.9%	1.0%
2015	\$64,530	--	0.4%
2014	\$2	--	--
2013	\$0	--	--
2012	\$0	--	--

Source: Washington State Liquor and Cannabis Board

**Distribution of Receipts** All cannabis excise tax receipts are deposited into the Dedicated Cannabis Account.

Each fiscal year the legislature makes appropriations from the Dedicated Cannabis Account to multiple agencies, universities, and other government entities.

Additional transfers are made from the Dedicated Cannabis Account to other accounts, including the Basic Health Plan Trust Account and the State General Fund.

**Levied by** State

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**Administration**    Liquor and Cannabis Board

Retailers must obtain a license to sell cannabis products, which may include a criminal background check.

Licensed cannabis retailers report and pay taxes monthly.

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**History**

2022    The terms “marijuana” and “marihuana” were changed to “cannabis” throughout the Revised Code of Washington.

2015    The 25% cannabis tax paid by cannabis producers and processors was eliminated. The statutory burden of the cannabis tax on retail sales shifted from retailers to buyers. This made the tax in addition to the retail sale price, rather than being included in the sale price. The rate was also increased from 25% to 37% of retail sales.

2015    A retail sales and use tax exemption was created for qualifying patients holding a medical cannabis authorization card.

2014    Cannabis was excluded from certain tax preferences, including all agricultural tax preferences.

2012    Voters passed Initiative 502 legalizing recreational cannabis sales, processing, and production in Washington. I-502 also established a 25% cannabis tax on each level of production (producer to processor, processor to retailer, and retailer to consumer sales).

1998    Voters passed Initiative 692, which permitted the use of cannabis for medical purposes by qualifying patients. No specific taxes were applied to medical cannabis.

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