



# PROPOSED STUDY QUESTIONS

## Appropriations and Expenditures of the Dedicated Cannabis Account

State of Washington Joint Legislative Audit and Review Committee

UPDATED: January 2023

### The 2022 Legislature directed JLARC staff to review Dedicated Cannabis Account appropriations and expenditures

In 2012, Washington’s citizens voted to legalize the sale of recreational cannabis by passing Initiative 502. The initiative created a Dedicated Cannabis Account (the Account). Account revenues include:

- Excise taxes from cannabis sales. This tax is added to the unit price of all cannabis products sold in Washington. The current rate is 37%.
- License fees for cannabis producers, processors, retailers, and researchers.
- Penalties and forfeitures charged to cannabis producers, processors, researchers, and retailers.



The Liquor and Cannabis Board (LCB) collects excise taxes from cannabis retailers every month and deposits the revenue into the Account along with other cannabis-related fees or funds. In fiscal year 2021, LCB collected approximately \$555 million in cannabis excise taxes and \$4 million in other revenues from fees and penalties.

Initiative 502 identified activities and entities that the Account may fund, including: substance abuse prevention and treatment, cannabis-related research, the Basic Health Plan Trust Account, and the General Fund. The Legislature later specified additional appropriations for other state entities and local governments.

The 2022 Legislature further clarified funding formulas and amounts. ESSB 5796 (2022) directed JLARC to review how cannabis revenues are appropriated and spent and to determine whether this information is available to the public.

### This study will address the following questions:

1. How much money has been appropriated from the Dedicated Cannabis Account and for what purposes?
2. How have state and local entities spent the funds they received? Are the expenditures consistent with statutory directives?
3. Are any funds directed to disproportionately impacted areas as defined in RCW 69.50.335?
4. How is information about the Account’s appropriation and expenditures made available to the public, and are there options for improving the transparency and accessibility of information?

In accordance with RCW 44.28.076, JLARC staff determined that there are racial equity considerations for this study, and they are included in the study questions above.

### Study timeframe

Preliminary Report: December 2023

Proposed Final Report: January 2024

### Study team

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### JLARC Study Process

