

PRELIMINARY REPORT: 2021 TAX PREFERENCE PERFORMANCE REVIEWS

Medical Cannabis Tax Preferences

LEGISLATIVE AUDITOR'S CONCLUSION:

Seven medical cannabis tax preferences provide tax relief to patients and cooperatives. After 2019 statutory changes, it is unclear how pending taxpayer guidance may affect beneficiary savings.

July 2021

Executive Summary

Tax exemptions for medical cannabis

The 2015 Legislature enacted seven tax preferences for medical cannabis: six sales and use tax exemptions for medical cannabis patients and cooperatives, and a business and occupation (B&O) tax exemption for medical cannabis cooperatives.

The preferences vary in customer eligibility requirements, intended beneficiaries, and qualifying purchases and activities.

The preferences have no expiration date.

Estimated Biennial Beneficiary Savings

\$4.9 Million

Tax Type

Business and Occupation
Tax, Sales and Use Tax

Multiple RCWs

Applicable Statutes

Usage limited in part by availability of medically endorsed retailers

Six of the seven preferences require access to a retailer with a medical endorsement from the Liquor and Cannabis Board. Medical endorsement is voluntary for licensed retailers. Washington has 275 medically endorsed retailers in 32 counties. These retailers can register eligible customers in the medical cannabis authorization database and make tax-exempt sales. In fiscal year 2020, 205 retailers made tax-exempt sales. Some retailers, including medically endorsed retailers, offer retail discounts in lieu of the medical cannabis sales tax exemptions. It is unclear how often customers make purchases with discounts instead of the preferences.

Largest tax preference subject to updated guidance

Over 87% of beneficiary savings for the medical cannabis tax preferences have been realized under one retail sales tax preference. In 2019, the Legislature modified the tax preference to

refer to DOH-compliant products. It is unclear how pending taxpayer guidance will affect future beneficiary savings.

Recommendations

Legislative Auditor's Recommendation: Continue

The Legislature should continue the preferences because they provide tax relief to medical cannabis patients.

The Department of Revenue and the Department of Health should update guidance to reflect 2019 statutory changes.

You can find more information in Recommendations.

Commissioners' Recommendation

Available on [Citizen Commission website](#) October 2021.

REVIEW DETAILS

1. Seven preferences for medical cannabis

Seven preferences provide tax relief for medical cannabis purchases and cooperatives

Six preferences provide exemptions from sales and use tax on retail purchases of cannabis and cannabis-based products, and one preference provides an exemption from the B&O tax for medical cannabis cooperatives¹. The preferences were enacted in 2015, and have no expiration date.

Three agencies are involved in medical cannabis regulation or taxation. The Department of Revenue (DOR) collects retail sales and use taxes and provides guidance to taxpayers. The Department of Health (DOH) administers the medical authorization database, licenses and regulates the medical cannabis consultant certificate, and establishes product quality standards for products that may be beneficial for medical use. The Liquor and Cannabis Board (LCB) licenses and regulates cannabis producers, processors, and retailers, and collects the marijuana excise tax.

Preferences limited to certain retailers, customers, and products

¹Medical cannabis cooperatives allow up to four medical cannabis patients or their designated provider to grow cannabis for the patients' personal use.

When the 2015 Legislature created the preferences, it stated its intent to provide tax relief to medical cannabis patients and cooperatives under certain circumstances. The preferences vary in customer eligibility requirements, intended beneficiaries, and qualifying purchases and activities. See Section 3 for beneficiary savings for each preference.

Exhibit 1.1: Seven preferences provide exemptions to eligible cannabis sales and medical cannabis cooperatives

Preference name	Statutes (RCW)	Tax Type	Beneficiaries	Access to medically endorsed retailer required?	Registration in patient database required?	Qualifying activities
Medical Cannabis Sold to Qualifying Patients	82.08.9998(1)(a), 82.12.9998(1)(a)	Sales and use	Recognition cardholders	Yes, to purchase	Yes	Purchases of <u>DOH-compliant products</u> ² (As of Jan. 1, 2020. Previously all cannabis products. See Section 3 for more detail)
Low THC Products Sold to Qualifying Patients	82.08.9998(1)(b), 82.12.9998(1)(b)	Sales and use	Recognition cardholders	Yes, to purchase	Yes	Purchases of products less than or equal to 0.3% THC
Cannabis with Low THC High CBD Ratio	82.08.9998(1)(c), 82.12.9998(1)(c)	Sales and use	All customers	Yes, to purchase	No	Purchases of DOH-compliant products appropriately labeled as Low THC, High CBD Ratio
Topical THC Sales by Health Care Professionals	82.08.9998(1)(d), 82.12.9998(1)(d)	Sales and use	All customers	No	No	Purchases of topical products with less than or equal to 0.3% THC from health care professionals

²Products that meet DOH standards (Chapter 246-70 WAC) for certain heavy metals and pesticides.

Preference name	Statutes (RCW)	Tax Type	Beneficiaries	Access to medically endorsed retailer required?	Registration in patient database required?	Qualifying activities
Medical Cannabis Produced and Used by Cooperative Members	82.08.9998(1)(e)(i), 82.12.9998(1)(e)(i)	Sales and use	Members of cooperatives	Yes, to register in patient database	Yes	Transfers of cannabis products between members of the same cooperative
Resources and Labor Contributed by Medical Cannabis Cooperative Members	82.08.9998(1)(e)(ii), 82.12.9998(1)(e)(ii)	Sales and use	Cooperatives	Yes, to register in patient database	Yes	Contributions of resources and labor by members to their own cooperative
Cannabis Cooperatives	82.04.756	B&O	Cooperatives	Yes, to register in patient database	Yes	Operations of cooperatives

Source: JLARC staff analysis.

Licensed retailers may receive medical endorsements from the Liquor and Cannabis Board

Licensed retailers may request a medical endorsement from LCB. To hold an endorsement in good standing (WAC 314-55-080), a retailer must, among other requirements:

- Employ a cannabis consultant certified by DOH.
- Demonstrate the ability to register patients in the medical cannabis patient database.
- Issue recognition cards to registered patients and their providers.
- Carry a representative assortment of cannabis products for registered patients and designated providers.

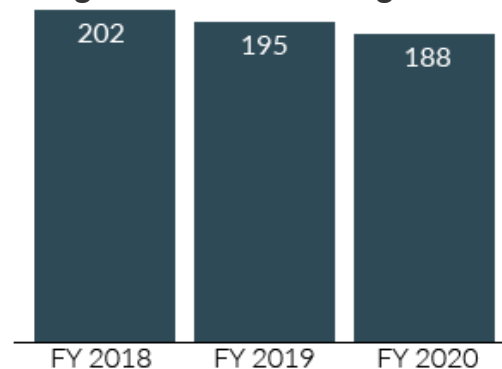
While all requirements are subject to enforcement, LCB states it only enforces the requirement to employ certified consultants.

Patients and their designated providers may register as recognition cardholders

Five of the preferences are restricted to patients registered in the medical cannabis authorization database or their designated provider. Collectively, these people are called "recognition cardholders," because they are issued a recognition card when they register in the database. To register, patients or designated providers must visit a medically endorsed retailer and request registration from a certified consultant.

The number of retailers issuing cards and the number of cards issued have declined in the past three years. According to state agency staff and stakeholders, the reason for this decline is unknown.

Exhibit 1.2 Number of retailers issuing recognition cards declining



Source: JLARC staff analysis of Department of Health data.

Two preferences are available to all customers. These apply to products that do not have significant psychoactive effects due to their low concentrations of THC³.

Three preferences are available to cooperatives and their members. Medical cannabis cooperatives allow up to four medical cannabis patients or their designated providers to grow cannabis for the patients' personal use. To register in a cooperative, a patient or designated provider must obtain a recognition card through a medically endorsed retailer. There are currently 12 cooperatives in six counties.




Department of Health's compliant product standards apply to two preferences

Two preferences apply to sales of products that meet DOH's compliant product standards. These standards are optional criteria that cannabis producers and processors test their products against, in addition to the LCB standards for all cannabis products. Current DOH standards establish maximum allowable levels for certain heavy metals and pesticides which are not included in the LCB testing standards. The compliant product standards are intended to provide quality assurances for products that may be used to address medical conditions.

³The principal psychoactive compound in cannabis.

DOH-compliant products fall into three categories: General Use, High THC, and High CBD Low THC Ratio.

Exhibit 1.3: DOH-compliant products fall into three categories

Product Category	Eligible Product Types	Eligible Retailers	Eligible Customers
GENERAL USE 	May be of any product type allowed by LCB. No more than 10 mg THC per serving.	Any licensed retailer	Adults 21+ and recognition cardholders
HIGH CBD LOW THC RATIO 	Concentrates: No more than 2% THC, and a ratio of at least 25:1 CBD:THC Edibles: No more than 2 mg THC per serving, and a ratio of at least 5:1 CBD:THC Topicals: A ratio of at least 5:1 CBD:THC	Any licensed retailer	Adults 21+ and recognition cardholders
HIGH THC 	Only capsules, tablets, tinctures, transdermal patches, and suppositories. May be up to 50 mg THC per serving.	Only medically endorsed retailers	Recognition cardholders only

Source: JLARC analysis of Chapter 246-70 WAC.

REVIEW DETAILS

2. Retailer availability limits use

Availability of medically endorsed retailers is one factor that limits preference use

Six of the seven preferences require access to a medically endorsed retailer

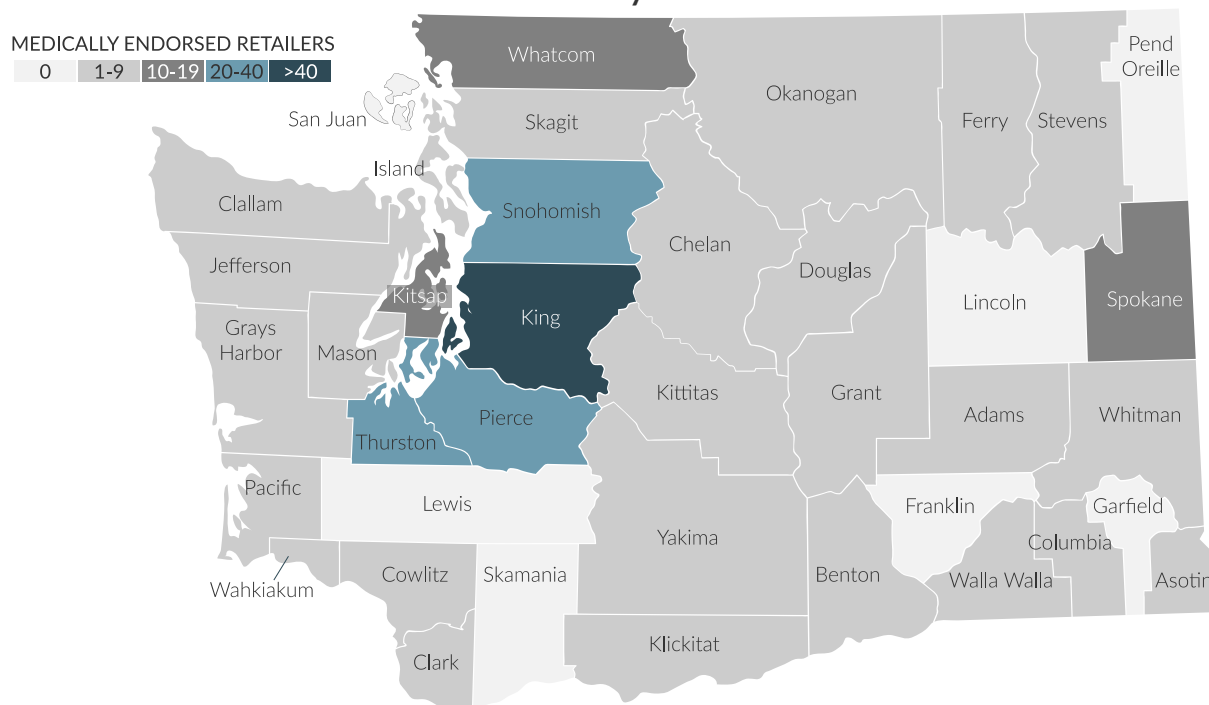
Six of the seven preferences apply to sales by medically endorsed retailers⁴. Cannabis retailers are not required to obtain a medical endorsement, which means these preferences may not be available to eligible customers at all retail locations.

⁴Cannabis retailers meeting certain requirements may be endorsed by the Liquor and Cannabis Board.

Medically endorsed retailers are located in 32 of 39 counties

There are 510 licensed cannabis retailers in 38 counties. Of these, 275 retailers (54%) have medical endorsements. Seven counties have no medically endorsed retailers.

Exhibit 2.1: 32 of 39 counties have medically endorsed retailers



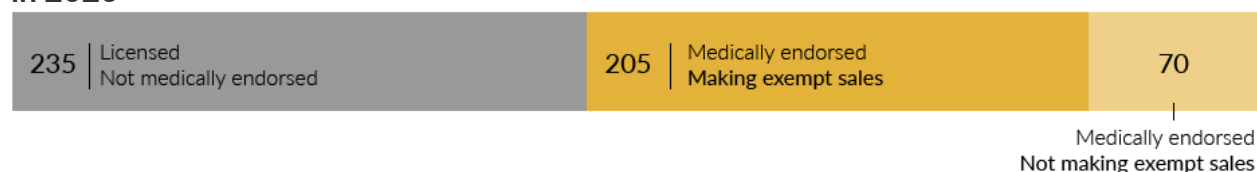
Source: JLARC staff analysis of Marijuana Traceability Database and Liquor and Cannabis Board data.

Of the 275 currently medically endorsed retailers, 188 issued recognition cards in fiscal year 2020 to patients or their designated providers. This includes the re-issuance of lost or expired cards.

205 endorsed retailers made tax-exempt sales in calendar year 2020. Of Washington's 38 counties with licensed retailers, 32 counties had a retailer making tax-exempt sales.

Further information about retailers and cooperatives in each county is available in the appendix.

Exhibit 2.2: 205 of Washington's 510 licensed cannabis retailers made tax exempt sales in 2020



Source: JLARC staff analysis of the Liquor and Cannabis Board's Marijuana Traceability Database.

Some retailers offer discounts in lieu of sales tax preferences

Department of Revenue (DOR) audit records and stakeholder interviews indicate that some retailers, including those without medical cannabis endorsements, offer discounts to recognition cardholders for purchases eligible for tax preferences. These are discounts to the retail sales prices, upon which sales and use tax is still collected. However, purchases from medically endorsed retailers qualify for a sales tax exemption, and should not be taxed. Patients paying sales and use tax on some of these purchases may be eligible to request refunds from the retailers or DOR, in accordance with WAC 458-20-229, if they believe the sales tax was paid in error.

Some retailers indicated they provide a discount in lieu of the tax preference due to discomfort with handling medical records, the cost of required equipment, and retention of qualified cannabis consultants required for a medical endorsement. It is unclear how many retailers offer discounts rather than make tax-exempt sales and the total value of discounts offered is unknown.

REVIEW DETAILS

3. 2019 change could affect savings

Beneficiaries will save an estimated \$4.9 million in the 2021-23 biennium. Most savings are realized under a recently modified preference for which guidance is not yet updated.

Beneficiary savings in fiscal year 2020 for all seven tax preferences are \$1.79 million. Over 87% of the beneficiary savings were realized under a single preference: Medical Cannabis Sold to Qualifying Patients.

Exhibit 3.1 One preference accounts for over 87% of FY 2020 beneficiary savings

Preference Name	Beneficiary Savings, FY 2020
Medical Cannabis Sold to Qualifying Patients	\$1.57 million
Low THC Products Sold to Qualifying Patients	\$83,000
Cannabis with Low THC High CBD Ratio	\$113,000
Topical THC Sales by Health Care Professionals	<u>Confidential</u> ⁵

⁵Three or fewer taxpayers deducted sales under this preference and beneficiary savings are confidential.

Preference Name	Beneficiary Savings, FY 2020
Medical Cannabis Produced and Used by Cooperative Members	\$8,400
Resources and Labor Contributed by Medical Cannabis Cooperative Members	\$16,200
Cannabis Cooperatives	\$800
Total	\$1.79 million

Source: JLARC staff analysis of Department of Revenue deduction data.

2019 statute changed products eligible for the Medical Cannabis Sold to Qualifying Patients sales tax exemption, which has the greatest beneficiary savings. Future savings could be affected.

The 2019 Legislature passed the Marijuana Product Labeling Act (ESSB 5298). The bill restricts cannabis product labels from making medical claims, and clarifies that the Medical Cannabis Sold to Qualifying Patients preference applies specifically to sales of products that meet the Department of Health's (DOH) compliant product standards⁶. This legislation altered the language of the cannabis tax preference with the highest beneficiary savings, potentially affecting its use.

Preference previously applied to all recognition cardholder purchases

Prior to the 2019 statutory change, the Medical Cannabis Sold to Qualifying Patients sales tax exemption applied to all purchases made by recognition cardholders⁷ of cannabis products identified by DOH as beneficial for medical use.

DOH determined in 2015 that because cannabis is federally classified as a Schedule 1 controlled substance, there was insufficient evidence to identify particular products as beneficial for medical use. Due to this lack of evidence, DOH deferred to patients and their healthcare providers to determine which products are medically beneficial. A 2016 Department of Revenue (DOR) Special Notice to taxpayers indicated that all cannabis products purchased by recognition cardholders from medically endorsed retailers were presumed to be medically beneficial and exempt from sales and use tax under this preference.

⁶Standards that test cannabis products for certain heavy metals and pesticides.

⁷Medical cannabis patients or their designated providers who are registered in the medical cannabis authorization database.

Preference administration has not changed

Effective January 1, 2020, the Marijuana Product Labeling Act specified that the preference applies to products meeting DOH's compliant product standards. [Statute⁸](#) requires medically endorsed retailers to carry a representative assortment of DOH-compliant products. The Liquor and Cannabis Board (LCB) stated that this requirement has not been enforced. Beneficiary savings in fiscal year 2020 for purchases of products labeled as DOH-compliant were \$6,895, which is less than 1% of the \$1.57 million of claimed sales tax savings that year.

DOH and DOR have not updated guidance to medically endorsed retailers or the public since the 2019 statutory change. Medically endorsed retailers have continued not to collect sales tax on purchases by recognition cardholders, regardless of the products' compliance with DOH standards. DOR stated that it is working with DOH, and DOH is in the process of updating public guidance for compliant cannabis products.

Future biennial savings estimated to be \$4.9 million

The estimates of future beneficiary savings shown below assumes there is no change in guidance for the Medical Cannabis Sold to Qualifying Patients preference. However, if new guidance limits qualifying purchases, future savings could be affected.

Exhibit 3.2: Estimates of beneficiary savings

Biennium	Fiscal Year	Estimated Beneficiary Savings
2017-2019 7/1/17 - 6/30/19	2018	\$1,412,516
	2019	\$1,486,019
2019-21 7/1/19-6/30/21	2020	\$1,794,019
	2021	\$2,022,628
2021-23 7/1/21-6/30/23	2022	\$2,280,964
	2023	\$2,572,996
	2021-23 Biennium	\$4,853,961

Source: JLARC analysis of Department of Revenue and Liquor and Cannabis Board data.

⁸RCW 69.50.375

REVIEW DETAILS

4. Optional database registration unique to WA

Optional registration in the patient database sets these preferences apart from other preferences and states

Preferences for other medical necessities do not require beneficiaries to register in a database

A [2013 JLARC report](#) reviewed retail sales and use tax exemptions for medical necessities. Medical necessities are medical products the Legislature defined as necessary for health, or products that health professionals recommend or order for patients. This includes menstrual products, insulin, and dialysis equipment.

Five of the seven medical cannabis tax preferences require beneficiaries to register in the medical cannabis patient database. Tax preferences for other medical necessities may require prescriptions or authorizations from healthcare provider, but none require beneficiaries to register in a database.

Patients who are not registered in the database may purchase most cannabis products, but are ineligible for the tax preferences that require registration. It is unknown how many patients with medical cannabis authorizations from their health care provider do not register in the database.

Unlike peer states, patient database registration is optional in Washington

JLARC staff identified [eleven other states](#)⁹ that allow sales of medical and recreational cannabis.

The eleven peer states either do not tax medical cannabis or tax it at a lower rate than recreational cannabis. These states also vary in credentialing requirements for cannabis retailers. Some states require medical retailers to serve only verified medical customers, or may restrict certain types of products to verified medical patients. Others allow for recreational and medical sales in the same location, but may require inventories and points-of-sale to be separate.

Most of these states require medical cannabis patients to register in a database as a condition of eligibility for medical cannabis tax preferences. Washington is the only state in which database registration in a patient database is optional. Patients who are not registered in Washington's database are unable to claim five of the seven tax preferences.

⁹Alaska, Arizona, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Montana, Nevada, and Oregon.

REVIEW DETAILS

5. Applicable statutes

RCW 82.04.756, RCW 82.08.9998, RCW 82.12.9998

Exemptions - Marijuana cooperatives

RCW 82.04.756

(1) This chapter does not apply to any cooperative in respect to growing marijuana, or manufacturing marijuana concentrates, useable marijuana, or marijuana-infused products, as those terms are defined in RCW 69.50.101.

(2) The tax preference authorized in this section is not subject to the provisions of RCW 82.32.805 and 82.32.808.

Exemptions - Marijuana concentrates, useable marijuana, or marijuana-infused products - Products containing low amounts of THC

RCW 82.08.9998

(1) The tax levied by RCW 82.08.020 does not apply to:

(a) Sales of marijuana concentrates, useable marijuana, or marijuana-infused products, identified by the department of health in rules adopted under RCW 69.50.375(4) in chapter 246-70 WAC as being a compliant marijuana product, by marijuana retailers with medical marijuana endorsements to qualifying patients or designated providers who have been issued recognition cards;

(b) Sales of products containing THC with a THC concentration of 0.3 percent or less to qualifying patients or designated providers who have been issued recognition cards by marijuana retailers with medical marijuana endorsements;

(c) Sales of marijuana concentrates, useable marijuana, or marijuana-infused products, identified by the department of health under RCW 69.50.375 to have a low THC, high CBD ratio, and to be beneficial for medical use, by marijuana retailers with medical marijuana endorsements, to any person;

(d) Sales of topical, noningestible products containing THC with a THC concentration of 0.3 percent or less by health care professionals under RCW 69.51A.280;

(e)(i) Marijuana, marijuana concentrates, useable marijuana, marijuana-infused products, or products containing THC with a THC concentration of 0.3 percent or less produced by a cooperative and provided to its members; and

(ii) Any nonmonetary resources and labor contributed by an individual member of the cooperative in which the individual is a member. However, nothing in this subsection (1)(e) may be construed to exempt the individual members of a cooperative from the tax imposed in RCW 82.08.020 on any purchase of property or services contributed to the cooperative.

(2) Each seller making exempt sales under subsection (1) of this section must maintain information establishing eligibility for the exemption in the form and manner required by the department.

(3) The department must provide a separate tax reporting line for exemption amounts claimed under this section.

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

(a) "Cooperative" means a cooperative authorized by and operating in compliance with RCW 69.51A.250.

(b) "Marijuana retailer with a medical marijuana endorsement" means a marijuana retailer permitted under RCW 69.50.375 to sell marijuana for medical use to qualifying patients and designated providers.

(c) "Products containing THC with a THC concentration of 0.3 percent or less" means all products containing THC with a THC concentration not exceeding 0.3 percent and that, when used as intended, are inhalable, ingestible, or absorbable.

(d) "THC concentration," "marijuana," "marijuana concentrates," "useable marijuana," "marijuana retailer," and "marijuana-infused products" have the same meanings as provided in RCW 69.50.101 and the terms "qualifying patients," "designated providers," and "recognition card" have the same meaning as provided in RCW 69.51A.010.

Exemptions - Marijuana concentrates, useable marijuana, or marijuana-infused products - Products containing low amounts of THC

RCW 82.12.9998

(1) The tax levied by RCW 82.12.020 does not apply to:

(a) Sales of marijuana concentrates, useable marijuana, or marijuana-infused products, identified by the department of health in rules adopted under RCW 69.50.375(4) in chapter 246-70 WAC as being a compliant marijuana product, by marijuana retailers with medical marijuana endorsements to qualifying patients or designated providers who have been issued recognition cards;

- (b) Sales of products containing THC with a THC concentration of 0.3 percent or less to qualifying patients or designated providers who have been issued recognition cards by marijuana retailers with medical marijuana endorsements;
 - (c) Sales of marijuana concentrates, useable marijuana, or marijuana-infused products, identified by the department of health under RCW 69.50.375 to have a low THC, high CBD ratio, and to be beneficial for medical use, by marijuana retailers with medical marijuana endorsements, to any person;
 - (d) Sales of topical, noningestible products containing THC with a THC concentration of 0.3 percent or less by health care professionals under RCW 69.51A.280;
 - (e)(i) Marijuana, marijuana concentrates, useable marijuana, marijuana-infused products, or products containing THC with a THC concentration of 0.3 percent or less produced by a cooperative and provided to its members; and
 - (ii) Any nonmonetary resources and labor contributed by an individual member of the cooperative in which the individual is a member. However, nothing in this subsection (1)(e) may be construed to exempt the individual members of a cooperative from the tax imposed in RCW 82.08.020 on any purchase of property or services contributed to the cooperative.
- (2) Each seller making exempt sales under subsection (1) of this section must maintain information establishing eligibility for the exemption in the form and manner required by the department.
- (3) The department must provide a separate tax reporting line for exemption amounts claimed under this section.
- (4) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.
- (a) "Cooperative" means a cooperative authorized by and operating in compliance with RCW 69.51A.250.
- (b) "Marijuana retailer with a medical marijuana endorsement" means a marijuana retailer permitted under RCW 69.50.375 to sell marijuana for medical use to qualifying patients and designated providers.
- (c) "Products containing THC with a THC concentration of 0.3 percent or less" means all products containing THC with a THC concentration not exceeding 0.3 percent and that, when used as intended, are inhalable, ingestible, or absorbable.

(d) "THC concentration," "marijuana," "marijuana concentrates," "useable marijuana," "marijuana retailer," and "marijuana-infused products" have the same meanings as provided in RCW 69.50.101 and the terms "qualifying patients," "designated providers," and "recognition card" have the same meaning as provided in RCW 69.51A.010.

REVIEW DETAILS

Appendix A: Retailers by county

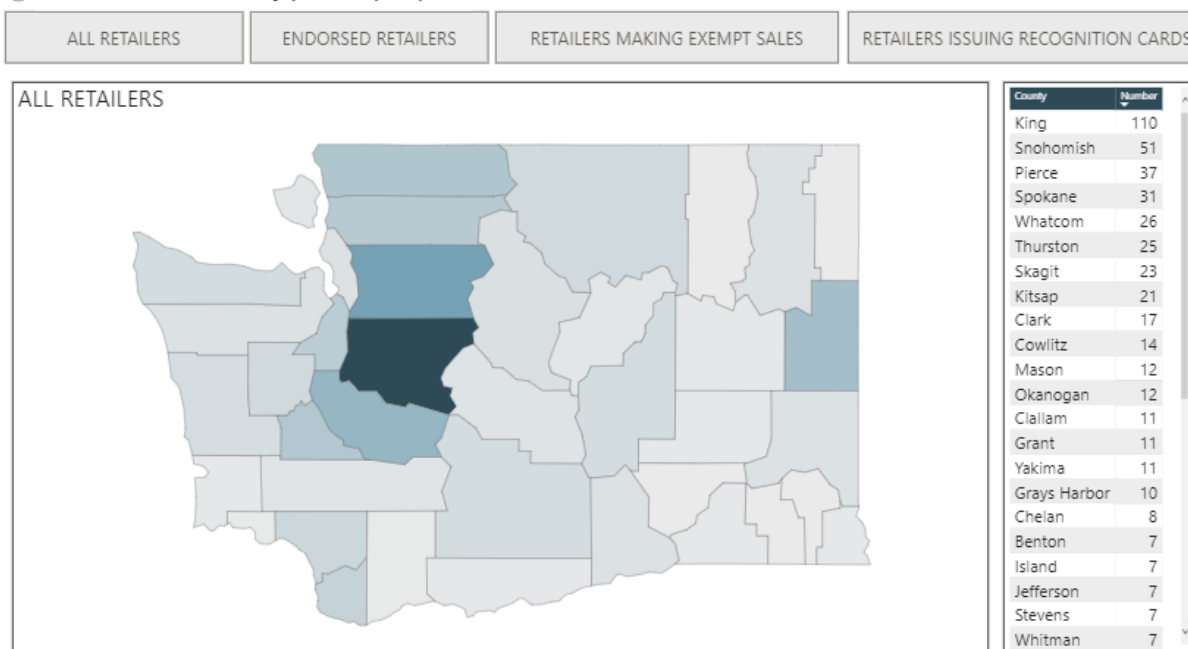
Interactive map of retailers and cooperatives by county

The Liquor and Cannabis Board's Marijuana Traceability Database tracks cannabis sales, licensee status, and cooperatives. The Department of Health collects data about recognition cards issued by medically endorsed retailers. The interactive map below provides additional information about retailers and cooperatives in each county.

Exhibit A1: Interactive map of retailers and cooperatives by county

Click image to go to interactive map

Click the buttons below to see that category's numbers by county



Source: JLARC staff analysis of Liquor and Cannabis Board and Department of Health data.

RECOMMENDATIONS & RESPONSES

Legislative Auditor's Recommendation

Legislative Auditor recommends continuing the preferences.

The Legislature should continue the preferences because they provide tax relief to medical cannabis patients.

The Department of Revenue and the Department of Health should update guidance to reflect 2019 statutory changes.

Legislation Required: No

Fiscal Impact: None

RECOMMENDATIONS & RESPONSES

Letter from Commission Chair

Available on [Citizen Commission website](#) October 2021.

RECOMMENDATIONS & RESPONSES

Commissioners' Recommendation

Available on [Citizen Commission website](#) October 2021.

RECOMMENDATIONS & RESPONSES

Agency Response

If applicable, available on [Citizen Commission website](#) October 2021.

MORE ABOUT THIS REVIEW

Study questions

Click image to view PDF of proposed study questions.



PROPOSED STUDY QUESTIONS 2021 Medical Marijuana Tax Preference Reviews

State of Washington Joint Legislative Audit and Review Committee

December 2020

JLARC will review seven tax preferences for medical marijuana

The 2006 Legislature directed JLARC staff to conduct performance audits of tax preferences. These preferences are included in the 10-year review schedule set by the Citizen Commission for Performance Measurement of Tax Preferences.



Washington voters passed Initiative 692 in 1998, which allowed for the medical use of marijuana. In 2012, Washington voters passed Initiative 502, which allowed for the production, processing, sale, and consumption of recreational marijuana in a highly regulated marketplace. The 2015 Legislature passed legislation which merged the medical market with the recreational market and revised how marijuana is taxed.

This legislation established seven tax preferences intended to provide tax relief to qualifying patients and their designated providers when purchasing or obtaining marijuana for medical use. The Legislature recognized a similarity to drugs and supplements prescribed by health care professionals, which are not subject to sales tax.

A separate tax preference for medical marijuana, because it does not qualify for the exemption for prescription drugs

The Legislature found that an authorization for the medical use of marijuana is different from a prescription. Both prescription drugs and the medical use of marijuana require oversight by a medical professional. However, statute specifies that a medical authorization is not a prescription. A prescription is an "order", whereas an authorization for medical marijuana is a formalized statement of professional opinion regarding marijuana. As a result, prescription drug tax preferences do not extend to medical marijuana.

This study will address the following questions:

1. To what extent has each tax preference been used?
2. How do these preferences compare to preferences for other medical necessities?
3. How does taxation of medical marijuana in Washington compare to tax policy in other states?

Study Timeframe

Preliminary Report: July 2021

Proposed Final Report: December 2021

Study Team

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JLARC Study Process



JOINT LEGISLATIVE AUDIT & REVIEW COMMITTEE

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