

# Medical Cannabis Excise Tax Exemption

## House Bill 1453 Frequently Asked Questions

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House bill 1453 (HB 1453), passed by the legislature in 2024, allows an exemption to the 37% excise tax for medical cannabis patients who are registered in the Department of Health's Medical Cannabis Authorization Database (DOH Database), and who purchase DOH-compliant medical cannabis product from a cannabis retailer that holds a valid medical endorsement from the Washington State Liquor and Control Board (LCB).

### How do I get the 37% excise tax exemption for a cannabis purchase?

To receive the exemption, a cannabis sale must meet **three** conditions:

- The buyer must be a patient or designated provider (DP) registered in the DOH Database.
- The registered patient or DP must purchase the product from a retailer holding a valid medical endorsement issued by LCB.
- The product must qualify as a DOH-compliant medical cannabis product under [WAC 246-70-040](#). No other cannabis products qualify for the excise tax exemption.

### Does this law change the sales and use tax exemption? When does the sales tax exemption apply?

The sales and use tax exemption did not change. The sales and use tax exemption applies when a registered patient or DP purchases **any** cannabis at a medically endorsed store. Additionally, High-CBD products under WAC 246-70 may be purchased sales tax free by anyone. See [RCW 82.08.9888](#) and [RCW 82.12.9998](#).

### As a retailer, how do I verify that the authorization or recognition card is valid?

The Certified Medical Cannabis Consultant (consultant) working for the retailer must ensure the authorization is on the correct form and completed in full per. DOH recently completed a publication called *A Cannabis Retailer's Guide to Validating the Medical Cannabis Authorization Form*. You can access this on our [website](#).

When the patient or DP presents a recognition card, the consultant must enter the card number into the DOH Database to confirm that the card is active and verify the patient's identification.

# As a medically-endorsed retailer, how do I know when sales tax exemption and excise tax exemption apply in a given transaction?

The graphic below demonstrates the major roles of a medically endorsed retailer, which transactions qualify for sales tax exemptions only, and which qualify for sales and excise tax exemptions:

The infographic is titled "Medically Endorsed Retailer" and is divided into several sections. On the left, three boxes list requirements: "Can provide cannabis at no charge to qualifying patients and designated providers (tax free). RCW 69.50.375(1)", "Must follow DOR and WSLCB record keeping and audit requirements. RCW 69.50.375(3)(e)", and "Must be able to enter patients into the DOH medical cannabis registry. RCW 69.50.375(3)(d)". The central section, titled "Sales and Use Tax Free", contains two boxes: "High CBD products in compliance with 246-70 WAC, purchased by anyone. RCW 82.08.9998" and "Any product purchased by a patient registered in the DOH medical cannabis registry. RCW 82.08.9998". On the right, a section titled "Excise Tax Free" contains one box: "Cannabis products that meet DOH testing, labeling, and logo requirements of 246-70 WAC purchased by a patient registered in the medical cannabis authorization registry. SHB 1453/RCW 69.50.535".

## What documentation is required by retailers for excise tax purchases?



Retailers must keep accurate records demonstrating the 37% excise tax exemption was provided by a medically endorsed store, to a qualifying patient, or their designated provider, in the DOH Database, and for medically compliant product under [WAC 246-70-040](#).

As required by LCB, the retailer is required to collect and retain the following records for each excise tax exempt purchase:

- Date of sale;
- From the patient recognition card, the unique patient identifier and the effective and expiration dates of the recognition card;
- Stock keeping unit (SKU) or unique product identifier of the cannabis product to which the excise tax is being exempted from; and
- Sales price of the item(s) to which the excise tax is being exempted from.

# Does the new law change the allowed purchase amounts?

No. Purchase and possession laws remain the same. The table below describes possession limits related to who is purchasing, where they are purchasing, and references the tax exemptions that apply.

<b>Store Type:</b>  Both store types can carry most medical cannabis products.	<b>Non-Endorsed Store</b>  	<b>Medically Endorsed Store</b>  	
<b>Tax Exemptions:</b>  No Tax Exemption Allowed	No Tax Exemption Allowed	<b>General public:</b> sales tax exemption on High CBD products under <a href="#">WAC 246-70-040</a>	
		<b>Patient with medical authorization, not entered into the DOH Database</b>	<b>Medical Card Holder</b> (in DOH Database)
		No Additional Tax Exemptions	Sales tax exemption for any purchased product <b>-and-</b> Excise tax exemption for DOH-compliant medical products
<b>Purchase Limits:</b>	<ul style="list-style-type: none"> <li>• 1 oz usable cannabis</li> <li>• 16 oz product to be eaten or swallowed (solid form)</li> <li>• 72 oz infused liquid for oral ingestion or topical use</li> <li>• 7 gm infused extract/concentrate for inhalation</li> <li>• 10 units infused product otherwise taken into body</li> </ul>	<ul style="list-style-type: none"> <li>• 1 oz usable cannabis</li> <li>• 16 oz product to be eaten or swallowed (solid form)</li> <li>• 72 oz infused liquid for oral ingestion or topical use</li> <li>• 7 gm infused extract/concentrate for inhalation</li> </ul> May grow up to 4 plants	<ul style="list-style-type: none"> <li>• 3 oz usable cannabis</li> <li>• 48 oz product to be eaten or swallowed (solid form)</li> <li>• 216 oz infused liquid for oral ingestion or topical use</li> <li>• 21 gm infused extract/concentrate for inhalation</li> </ul> May grow 6-15 plants as authorized by healthcare practitioner

# Is usable cannabis or other plant material intended for smoking an allowed medical cannabis product?

The General Use classification does not prohibit these products, and they can be DOH-compliant medical products so long as they meet all DOH requirements in [246-70 WAC](#) and LCB requirements in [314-55 WAC](#).

# As a cannabis producer, what else do I need to do to produce DOH-compliant medical product?

In addition to LCB requirements in chapter [314-55 WAC](#), cannabis must be tested for heavy metals, using different sample size requirements, and must meet specific labeling and logo requirements in [246-70 WAC](#).

## DOH Cannabis Sampling Requirements for Compliance Testing [WAC 246-70-050\(1\)](#)

	DOH Requirement				
Sampling Rule	WAC 246-70-050				
<b>FLOWER</b> Lot Size and Sample Amount (3 g per 3 lb)	1 ≤ 6 lb = 8 g 6 ≤ 9 lb = 9 g 9 ≤ 10 lb = 12 g	10 ≤ 12 lb = 12 g 12 ≤ 15 lb = 15 g 15 ≤ 18 lb = 18 g 18 ≤ 20 lb = 21 g	20 ≤ 21 lb = 21 g 21 ≤ 24 lb = 24 g 24 ≤ 27 lb = 27 g 27 ≤ 30 lb = 30 g	30 ≤ 33 lb = 33 g 33 ≤ 36 lb = 36 g 36 ≤ 39 lb = 39 g 39 ≤ 40 lb = 42 g	40 ≤ 42 lb = 42 g 42 ≤ 45 lb = 45 g 45 ≤ 48 lb = 48 g 48 ≤ 50 lb = 51 g
<b>INTERMEDIATE PRODUCT</b> Lot/Batch and Sample Size	A single run through extraction or infusion process = 2 g				
<b>END PRODUCT</b> Lot/Batch and Sample Size	A single run through extraction or infusion process = 2 g				

## DOH Heavy Metal Screening Requirements [WAC 246-70-050\(3\)](#)

Metal	Limit, µg/daily dose (5 grams)
Inorganic arsenic	10.0
Cadmium	4.1
Lead	6.0
Mercury	2.0

## Labeling and Logo Requirements [WAC 246-70-060](#) and [WAC 246-70-090](#)

- DOH-compliant medical products must be easily identifiable to the consumer by using the appropriate logo found in [WAC 246-70-090](#).
- The DOH logo must be placed on the product label.
- DOH logos must be readily visible to the consumer, printed in either black or dark blue, and no smaller than ½ inch round.
- DOH logos **may not** be used on anything other than a DOH-compliant medical cannabis product.

## Additional Resources

Changes will continue to be implemented over the coming months, and we recommend tracking LCB's communications:

- Sign up for LCB notifications: [Washington State Liquor and Cannabis Board \(govdelivery.com\)](https://www.govdelivery.com)
- LCB [infographic and brief FAQs](#) on the new law.
- LCB notification on the new law: [Guidance on Implementation of SHB 1453, Temporary Excise Tax Exemption](#).
- LCB rules and resources page: [Cannabis, Vapor, and Tobacco Rulemaking Activity](#).

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