

CR 101 Public Feedback Table – Implementing [SHB 1453](#) – Medical Cannabis Excise Tax Exemptions

Public feedback received April 24, 2024 through May 29, 2024 on the Medical Cannabis Excise Tax Exemption rulemaking presented as CR 101 on April 24, 2024, filed as [WSR 24-10-042](#). As noted in [Notice to Stakeholders](#), public comment open until May 29, 2024.

Name	Feedback	Response
Shellies4@netzero.com	<p>4/23/24, 9:34 PM</p> <p>Good morning Board. Thank you very much for all you do! I don't remember seeing anything before NOW on any additional taxes for Cannabis. We already pay the most taxes of anyone anywhere! Any increase in taxes should be approved by a vote of the people. When exactly will the rule making process be done? You cannot continue to make rules forever. There HAS to be an END. Also, WHEN the federal government removes cannabis from the schedule, a lot of these rules will no longer be necessary. Please remember that this is a cottage industry and people will follow the rules as long as you keep it SIMPLE! It's a PLANT! It's NOT complicated, please don't make it that way! We DO NOT need any more taxes on something we ALREADY pay taxes on. Those taxes are supposed to go to free lunch and free healthcare for anyone under 18. That's what we AGREED to when 502 was passed! Thank you very much! Have a great day!</p>	<p>4/25/24, 1:04 PM</p> <p>Dear shellies4@netzero.com</p> <p>Thank you so much for providing your comment on the CR 101 on Implementing Substitute House Bill 1453 on Medical Cannabis Excise Tax Exemptions. Your input is valuable and we look forward to reviewing your feedback. If we have any questions we will follow up by email.</p> <p>The Washington State Liquor and Cannabis Board (LCB) relies on public feedback, and welcomes the opportunity to hear more from you! Public participation helps LCB develop inclusive, transparent, and accountable policies and rules that serve the public interest.</p> <p>Please visit the LCB's website for more information about Medical Cannabis Excise Tax Exemption rulemaking and other current rulemaking activities. To get timely updates from LCB, please sign up to be on our GovDelivery email distribution list (select the Rulemaking option along with any other topic of interest).</p> <p>The LCB Board holds public meetings on Wednesdays at 10 a.m., twice monthly. Held both virtually and in-person, the meetings provide an opportunity for members of the public to address Board members during the Public Comment agenda item, or during scheduled Public Hearings held during the Board meetings. Board meetings are also broadcast live on the state's public access TV station TVW.</p> <p>Please visit LCB's Board meeting schedule and information webpage to learn more about observing or participating in a Board meeting. The next Board meeting will be held on May 8, 2024.</p>

		<p>Thank you again for reaching out!</p> <p><i>LCB Policy & Rules Coordinators</i></p>
<p>Michael Lowery Mikelower01@gmail.com</p>	<p>4/24/24, 2:43 PM</p> <p>As a customer in regard to CR102 I seen the local cannabis stores put limits on staff where it took up to 2-3 weeks to get authorized and they mailed it in. I always get my card authorized out of town and I never purchase from most local stores. We just had 2 cannabis stores servicing an area of 300,000 people out here in the Tri Cities. But we're slowly getting better. I do see it very beneficial to post hours, thanks.</p> <p>In reading CR 101 it looks like the state is doing away with the tax exempt for Card holders after 6/29. If this is true you may erase that medical card down to just growers card because there would be little reason for you to offer a medical cards. Then why even keep medical cards in hands of Cannabis board? Because now it becomes an agricultural issue with volume rules.</p> <p>I think this is a real question because I can buy/make enough booze to cause alcohol poisoning. We can legally buy enough alcohol to kill ourselves and many do! Yet you have buy/make limits on cannabis regulated by the same board? That is very contradictive from your mission statement, to "Promote Public Saftey and Trust....."</p> <p>Cannabis doesn't share the characteristic of acute poisoning as alcohol does to its users. Your board has volume limits on the wrong product. In fact alcohol is the only product you regulate that can cause acute poisoning yet the board doesn't have limits on it. Has anyone ever taken your rules and asked that question or a court of law perhaps? What would they say? If my son died at a neighbors house all because the one 21 yo bought 5 half gallons of booze. How can you not</p>	<p>4/24/24, 4:00 PM</p> <p>Dear Michael:</p> <p>Thank you so much for providing your comment on the CR 102 on Medical Cannabis Endorsements, and the CR 101 on Implementing Substitute House Bill 1453 on Medical Cannabis Excise Tax Exemptions.. Your input is valuable and we look forward to reviewing your feedback. If we have any questions we will follow up by email.</p> <p>The Washington State Liquor and Cannabis Board (LCB) relies on public feedback, and welcomes the opportunity to hear more from you! Public participation helps LCB develop inclusive, transparent, and accountable policies and rules that serve the public interest.</p> <p>The proposed rule language on Medical Cannabis Endorsements can be found here, and the public hearing on these proposed rules is scheduled to occur during the Board meeting on June 5, 2024 regarding the Medical Cannabis Endorsement rulemaking.</p> <p>Please visit the LCB's website for more information about Medical Cannabis Endorsements Rulemaking and SHB 1453 Medical Cannabis Excise Tax Exemption rulemaking and other current rulemaking activities. To get timely updates from LCB, please sign up to be on our GovDelivery email distribution list (select the Rulemaking option along with any other topic of interest).</p> <p>The LCB Board holds public meetings on Wednesdays at 10 a.m., twice monthly. Held both virtually and in-person, the meetings provide an opportunity for members of the public to address Board members during the Public Comment agenda item, or during scheduled Public Hearings held during the Board</p>

	<p>regulate the volume of alcohol purchase based on the fact that you know it can kill you in one setting? Specially if you never drank it and was peer pressured. Your board refuses to protect the Public Safety from alcohol but justify limits on cannabis for the sake of Public Safety, that's not a normal way a board for Safety should think. To me the lack of Volume Laws on alcohol, really stands out now that we have volume limits on cannabis. My Mom died of consumption to me. It caused a heat attack but Doctors never call it alcohol poisoning at time of death because it creates so many issues with insurances. I mean you never really die of the drug, the body kills you because of the amount of drug intake. The city even puts limits on hard drug use before conviction because small doses do less harm. Alcohol should be regulated the same way. I believe u need to answer this to all cannabis card holders.</p> <p>Just imagine how many lives would be saved if you limited alcohol sales to just one six pack or a fifth per person. I mean really.....People die from these big booze parties by direct ingestion of alcohol. I don't know of a way to die by smoking or vaping or eating THC. I will say it will cause brain issues but that's just one of the stages to death with alcohol not THC. Maybe you guys could be real leaders and greatly reduce alcoholism in our state by imposing limits on amount of alcohol sold to a single person during a purchase. I mean really with that mindset in our consumerism it would really change our whole personal perspective on alcohol in just a few years and greatly reduce alcoholism. It's practical just like limits on THC.</p> <p>Thanks for reading this far, Mike Lowery. 509-554-2261</p>	<p>meetings. Board meetings are also broadcast live on the state's public access TV station TVW.</p> <p>Please visit LCB's Board meeting schedule and information webpage to learn more about observing or participating in a Board meeting. The next Board meeting will be held on May 8, 2024.</p> <p>Thank you again for reaching out!</p> <p><i>LCB Policy & Rules Coordinators</i></p>
Scott Atkison	5/20/2024, 2:09 PM	5/20/2024, 2:26 PM Dear Scott:

<p>scottatkison@mac.com</p> <p>Via email</p>	<p>I am affiliated with Zips Cannabis and Canna4Life, and we operate medically endorsed retail stores in the State of Washington. I was also at one time issued a prescription for medical cannabis from my Doctor to assist with chemotherapy related nausea and pain from cancer related bone metastasis. I have never been registered into the DOH system in Washington as I did not think it was worth the hassle when I first visited a dispensary with my prescription and was informed that all of the products could be purchased without a medical card and the savings was at that time pretty minimal for having a card. With the passage of HB 1453 this is changing as the savings are now a combined 47% between the Excise tax and regular State DOR tax.</p> <p>My concern as a retailer is to ensure we properly document these transactions. Please provide us with detailed instructions on what documentation will be required to support that a sale was made in accordance with the rules and will pass muster in the event of an audit. To this end, please let us know of the source documents the LCB and/or DOR will be requesting in the event of an audit of tax exempt sales. The rules here should be explicit so if a retailer follows a prescriptive set of guidelines they will know with certainty that they can pass an audit. There should be no grey area for interpretation. In addition, please consider a system where a retailer can upload a set of files on a monthly basis which document their tax exempt sales in order to create a safe harbor for retailers to shelter as this potential liability could easily sink a business if the rules were inadvertently followed and sales were not correctly documented. We need to know how to quickly take corrective action on our documentation.</p> <p>Thank you for this consideration,</p>	<p>Thank you so much for providing your comment on the CR 101 on Implementing Substitute House Bill 1453 on Medical Cannabis Excise Tax Exemptions. Your input is valuable and we look forward to reviewing your feedback. If we have any questions we will follow up by email.</p> <p>The Washington State Liquor and Cannabis Board (LCB) relies on public feedback, and welcomes the opportunity to hear more from you! Public participation helps LCB develop inclusive, transparent, and accountable policies and rules that serve the public interest.</p> <p>Please visit the LCB's website for more information about Medical Cannabis Excise Tax Exemption rulemaking and other current rulemaking activities. To get timely updates from LCB, please sign up to be on our GovDelivery email distribution list (select the Rulemaking option along with any other topic of interest).</p> <p>Earlier this afternoon, additional guidance was circulated to the Cannabis gov delivery listserv regarding implementation on SHB 1453.</p> <p>The LCB Board holds public meetings on Wednesdays at 10 a.m., twice monthly. Held both virtually and in-person, the meetings provide an opportunity for members of the public to address Board members during the Public Comment agenda item, or during scheduled Public Hearings held during the Board meetings. Board meetings are also broadcast live on the state's public access TV station TVW.</p> <p>Please visit LCB's Board meeting schedule and information webpage to learn more about observing or participating in a Board meeting. The next Board meeting will be held on Wednesday, May 22, 2024.</p> <p>Thank you again for reaching out!</p>
--	--	--

	<p>Scott Atkison 509 990-3124</p>	<p><i>LCB Policy & Rules Coordinators</i></p>
<p>John Kingsbury Homegrow2018@gmail.com Via email</p>	<p>5/27/2024</p> <p>Being mindful of the upcoming deadline for informal comments, I would like to provide the following comments. These are my own personal comments. I would be happy to rephrase my comments in terms of draft language suggestions.</p> <ul style="list-style-type: none"> -retailers must maintain easily auditable records of excise tax exemptions -retailers must be able to demonstrate that all retail staff has a reliable method to differentiate, at the time of sale, between WAC 246-70 product that qualifies for the excise tax exemption and non-246-70, that does not qualify. -It should be made explicit in 314-55 that LCB is responsible for educating and enforcing conformance to the labeling and QA requirements of 246-70. (see attached example) --it should be made explicit that, along with the requirement that retailers provide COAs to consumers, on demand, within the store, that requirement also must include providing a copy of the original COA of heavy metal testing results, which cannot be substituted by a vouch from a contracting lab, in cases where the heavy metal testing results have been subcontracted. <p>Thank you John Kingsbury</p>	<p>5/28/2024</p> <p>John: Thanks so much for getting this in, I'll be sure to include it in the rule file, Sincerely,</p>
<p>MAY 29, 2024</p> <p>INFORMAL COMMENT DEADLINE</p>		

June 12, 2024

RE: [WSR 24-10-042](#)

WSLCB Rules:

I would like to submit the following comments and requests concerning rulemaking about the implementation of HB 1453, in addition to the comments I have already submitted.

Concern

In my view, HB 1453 presents a unique and critical opportunity to finally realize the commitment made by the Washington State Legislature to provide reliable, appropriate access to Washington State's qualifying medical cannabis patients. HB 1453 is designed and intended to be a single, yet comprehensive, initiative to resolve multiple deficiencies in our medical cannabis system. HB1453 also includes a five-year sunset and JLARC study. Because so much is riding on a successful implementation of HB 1453, its implementation must go well.

Toward that end, I am concerned that, along with this opportunity will comes the incentives for abuse. I am concerned that abuses of this opportunity could result in a failure and sacrifice of the needed reforms and long-overdue benefits that HB 1453 could provide.

I am deeply concerned about the backroom comments I have heard from some licensees, along with the normalized pattern of 'fudging' QA testing procedures. Therefore, I am urging that additional guardrails be written into rules to deter these harms.

Deterrence.

Retailers.

There are a variety of ways that retailers could intentionally, or unintentionally, misapply the excise tax exemption. For the most part, the threat of being liable for reimbursing the State for any misapplied tax exemption seems like a substantial deterrence for deliberate misapplication of the exemption.

This liability also provides adequate incentive to assure that stores assume responsibility for understanding, practicing, and properly training their employees on the proper application of the exemption.

While no additional penalties for misapplication of the exemption may be necessary, LCB may want to at least consider whether some sanctions against non-complying stores' eligibility for medical cannabis endorsements are appropriate. I suggest at least considering giving LCB the option to revoking a store's privilege to hold a medical cannabis endorsement for up to two years.

Producer/Processors

While most p/p's should be assumed to be properly educating themselves about the required application of [246-70 rules](#), and should be assumed to be acting properly, over the years, I have noticed a disturbing amount of improper behavior, including:

- lab shopping
- blending tested product with untested product (sometimes including inversion)
- providing COA's to retailers that do not match the batch of product
- making 246-70 claims on packaging where there is no evidence that the products have been tested to [246-70 standards](#)

Given what is at stake, given the disturbing degree of normalization of circumventing some rules, I am urging LCB to adopt harsh deterrents to misapplication of 246-70 claims and requirements, as they apply to producer/processors, including:

1. the ability for LCB to order recalls of improperly labeled and improperly tested product.
2. sanctions for mislabeling that greatly exceed those penalties for mislabeling that are already in rule
3. the option for LCB to deny a producer/processor from exercising the privilege of selling, or making claims for 246-70 product for up to two years.

Because circumventing testing and labeling rules has become so normalized, because the survival of any real medical cannabis program may depend upon proper compliance, and because the incentives to cheat may be so attractive to some licensees, LCB should consider the harshest of penalties for collusion with labs to circumvent the requirements of HB1463.

Labs

In view of the transition of lab accreditation from LCB to WSDA, this layer of monitoring compliance and deterrence of abuse feels trickier. I admit that I am not versed in what jurisdiction of lab practices will look like after the transition. Still, LCB will retain jurisdiction over proper labeling and whether products fit the standards required.

In addition to establishing the ability to recall medical-grade product that does not meet QA or labeling requirements, LCB should consider whether it has an avenue to deny a given labs right to test for 246-70 product for up to two years.

As always I appreciate the seriousness that LCB has taken this critically important task. I agree with the statement of Daniel Jacobs that it is better to do rulemaking well, rather than doing it quickly. Nowhere is that approach more important than it is here.

I appreciate your work.

Sincerely,
John Kingsbury

references:

[WAC 314-55-102. Quality assurance and quality control.](#)

[WAC 314-55-1035 Laboratory certification—Suspension and revocation](#)

[WAC 314-55-509 Penalty structure](#)

[WAC 314-55-523 Category IV. Violations that are significant regulatory violations.](#)

[_____ Packaging and labeling. per WAC 314-55-105](#)

[WAC 314-55-105 Cannabis product packaging and labeling](#)