

Multiple Agency Fiscal Note Summary

Bill Number: 5650 SB	Title: Cannabis local excise tax
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Estimated Cash Receipts

Agency Name	2025-27			2027-29			2029-31		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Liquor and Cannabis Board	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total \$	0	0	0	0	0	0	0	0	0

Agency Name	2025-27		2027-29		2029-31	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	.0	0	0	0	.0	0	0	0	.0	0	0	0
Liquor and Cannabis Board	1.0	0	0	331,107	1.0	0	0	222,742	1.0	0	0	222,742
Total \$	1.0	0	0	331,107	1.0	0	0	222,742	1.0	0	0	222,742

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Agency Name	2025-27			2027-29			2029-31		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Total									
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Non-zero but indeterminate cost and/or savings. Please see discussion.								

Estimated Capital Budget Breakout

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<div> <div>Prepared by:</div> <div>Val Terre, OFM</div> </div>	<div> <div>Phone:</div> <div>(360) 280-3073</div> </div>	<div> <div>Date Published:</div> <div>Final 2/28/2025</div> </div>
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Department of Revenue Fiscal Note

Bill Number: 5650 SB	Title: Cannabis local excise tax	Agency: 140-Department of Revenue
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Part I: Estimates

☒ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Alia Kennedy	Phone: (360) 786-7405	Date: 02/03/2025
Agency Preparation: Beth Leech	Phone: (360) 534-1513	Date: 02/05/2025
Agency Approval: Valerie Torres	Phone: (360) 534-1521	Date: 02/05/2025
OFM Review: Megan Tudor	Phone: (360) 890-1722	Date: 02/27/2025

Request # 5650-1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

CURRENT LAW:

Retailers of cannabis products collect a 37% state excise tax on the selling price of cannabis concentrates, useable cannabis, and cannabis-infused products. This tax is in addition to retail sales and use taxes.

PROPOSAL:

This bill allows a county to impose an excise tax of up to 2% on the selling price of the retail sale of cannabis concentrates, useable cannabis, and cannabis-infused products. This tax is in addition to the current 37% state excise tax. Voters must approve this tax for counties to impose it. The tax may apply for up to seven consecutive years.

If a county has not imposed the excise tax before July 1, 2027, then a city within the county may impose it at a rate of up to 2% with voter approval. The tax may apply for up to seven consecutive years.

The county and a city within the county may not impose this excise tax at the same time.

The county or a city may reimpose this excise tax for one or more additional seven years with voter approval.

If a county imposes this tax, 15% of the collections must be distributed to the county. The remainder is distributed to the county and the cities within the county where licensed cannabis retailers are physically located. Each jurisdiction receives a share of the revenue based on the proportional share of the total revenues generated in the individual jurisdiction from the taxes collected from this new excise tax.

If a city imposes this tax, 15% of the collections must be distributed to the county and the remainder to the city.

The Liquor and Cannabis Board (LCB) must perform the collection of these taxes on behalf of the county or city and the state treasurer must distribute those taxes as available on a monthly basis to the county and cities within the county. The LCB may deduct an administrative fee not to exceed 1% of the taxes collected.

EFFECTIVE DATE:

The bill takes effect 90 days after the final adjournment of the session.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

This legislation results in no revenue impact on taxes administered by the Department of Revenue (department).

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

The department will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

III. B - Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. C - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

Part V: New Rule Making Required

Individual State Agency Fiscal Note

Bill Number: 5650 SB	Title: Cannabis local excise tax	Agency: 195-Liquor and Cannabis Board
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.
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Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
Account					
Liquor Revolving Account-State 501-1	219,736	111,371	331,107	222,742	222,742
Total \$	219,736	111,371	331,107	222,742	222,742

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Alia Kennedy	Phone: 360-786-7405	Date: 02/03/2025
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 02/07/2025
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 02/07/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 02/07/2025

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

NEW SECTION. Sec. 1. A new section is added to chapter 82.14 RCW to read as follows:

(1)(a) The legislative authority of any county may impose an excise tax of up to two percent of the selling price on the retail sale of cannabis concentrates, useable cannabis, and cannabis-infused products. If approved by voters, the county may provide for the tax to apply for a period of up to seven consecutive years.

(b) If a county has not imposed the excise tax under (a) of this subsection before July 1, 2027, then a city within that county may impose an excise tax of up to two percent of the selling price on the retail sale of cannabis concentrates, useable cannabis, and cannabis-infused products. If approved by voters, the city may provide for the tax to apply for a period of up to seven consecutive years.

(d) A county and a city within that county may not concurrently impose the tax authorized in this section.

(2) The legislative authority of a county or city may reimpose a tax under this section for one or more additional periods of up to seven consecutive years if approved by voters.

(3)(a) If the tax under this section is imposed by a county, then the state treasurer must distribute 15 percent of the moneys to the county in which the tax was collected. The remainder of the moneys collected under this section must be distributed to the county and the cities within the county where licensed cannabis retailers are physically located. Each jurisdiction must receive a share of the revenue distribution under this section based on the proportional share of the total revenues generated in the individual jurisdiction from the taxes collected under this section from licensed cannabis retailers physically located in the county and the cities within the county.

(b) If the tax under this section is imposed by a city, then the state treasurer must distribute 15 percent of the moneys to the county and the remainder must be distributed to the city.

(4) The liquor and cannabis board must perform the collection of taxes under this section on behalf of a county or city and the state treasurer must distribute those taxes as available on a monthly basis to the county and cities within the county. Before the effective date of a resolution or ordinance to impose an excise tax under this section, the legislative authority of the county or city must contract with the liquor and cannabis board for tax administration and collection. The liquor and cannabis board may deduct a percentage amount, as provided by contract, not to exceed one percent of the taxes collected for administration and collection expenses incurred by the board.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Section 1(4) The liquor and cannabis board must perform the collection of taxes under this section on behalf of a county or city and the state treasurer must distribute those taxes as available on a monthly basis to the county and cities within the county. Before the effective date of a resolution or ordinance to impose an excise tax under this section, the legislative authority of the county or city must contract with the liquor and cannabis board for tax administration and collection. The liquor and cannabis board may deduct a percentage amount, as provided by contract, not to exceed one percent of the taxes collected for administration and collection expenses incurred by the board.

The language above directs that the Board may deduct a percentage of taxes, but does not require it. In addition, there is no way to know how much tax revenue would be generated by this bill, that would be subject to the administration fee.

Therefore the cash receipt impact is INDETERMINATE.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

FINANCE DIVISION:

Section 1(4) requires a local jurisdiction imposing the additional tax allowed under this bill, to contract with the liquor and cannabis board for tax administration and collection. The liquor and cannabis board may deduct a percentage amount, as provided by contract, not to exceed one percent of the taxes collected for administration and collection expenses incurred by the board.

The agency anticipates an increase in contracts under this legislation, therefore an additional Contracts Specialist 2 (CS2) is needed.

1.0 FTE Contracts Specialist 2 - \$111,371/yr (\$104,441 salary/benefits, \$6,930 in associated costs). Onetime costs in FY26 of \$6,305 for equipment purchases.

INFORMATION TECHNOLOGY DIVISION:

There will be one-time setup costs to modify the system the agency uses for tracking cannabis taxes.

420 hours x \$243/hr = \$102,060

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
501-1	Liquor Revolving Account	State	219,736	111,371	331,107	222,742	222,742
Total \$			219,736	111,371	331,107	222,742	222,742

III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.0	1.0	1.0	1.0	1.0
A-Salaries and Wages	76,608	76,608	153,216	153,216	153,216
B-Employee Benefits	27,833	27,833	55,666	55,666	55,666
C-Professional Service Contracts					
E-Goods and Other Services	108,845	6,680	115,525	13,360	13,360
G-Travel					
J-Capital Outlays	6,450	250	6,700	500	500
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	219,736	111,371	331,107	222,742	222,742

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Contracts Specialist 2	76,608	1.0	1.0	1.0	1.0	1.0
Total FTEs		1.0	1.0	1.0	1.0	1.0

III. D - Expenditures By Program (optional)

Program	FY 2026	FY 2027	2025-27	2027-29	2029-31
Finance Division (020)	117,676	111,371	229,047	222,742	222,742
Information Technology Division (070)	102,060		102,060		
Total \$	219,736	111,371	331,107	222,742	222,742

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5650 SB	Title: Cannabis local excise tax
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: increase in tax revenue on cannabis products with voter approval
- ☒ Counties: increase in tax revenue on cannabis products with voter approval
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: counties and cities can impose an excise tax on cannabis products with voter approval
- ☒ Key variables cannot be estimated with certainty at this time: which counties and cities would pursue the tax and if voters would approve

Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Tammi Alexander	Phone: 360-725-5038	Date: 02/06/2025
Leg. Committee Contact: Alia Kennedy	Phone: 360-786-7405	Date: 02/03/2025
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/06/2025
OFM Review: Val Terre	Phone: (360) 280-3073	Date: 02/07/2025

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This bill allows a county to impose an excise tax of up to 2% on the selling price of the retail sale of cannabis products as defined in the bill, in addition to the current 37% state excise tax. Voters must approve this tax for counties to impose it. The tax may apply for up to seven consecutive years.

If a county has not imposed the excise tax before July 1, 2027, then a city within the county may impose it at a rate of up to 2% with voter approval. The tax may apply for up to seven consecutive years.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

By itself, the authority granted in this resolution has no fiscal impact; however, it is likely that one or more counties or cities will attempt to implement these provisions. In these circumstances the fiscal impacts are indeterminate.

For those jurisdictions choosing to impose the additional tax, there would be administrative and election costs related to implementing it. It is unknown which jurisdictions would pursue the option or if voters would approve. Therefore, those costs cannot be estimated.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

By itself, the authority granted in this resolution has no fiscal impact; however, it is likely that one or more counties and cities will attempt to implement this excise tax. In these circumstances the fiscal impacts are indeterminate because it is unknown in which counties voters would approve.

SOURCE:

Department of Revenue fiscal note, SB 5650 (2025)



Multiple Agency Ten-Year Analysis Summary

Bill Number	Title
5650 SB	Cannabis local excise tax

This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

Department of Revenue	0	0	0	0	0	0	0	0	0	0	0
Liquor and Cannabis Board Indeterminate Impact	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0



Ten-Year Analysis

Bill Number 5650 SB	Title Cannabis local excise tax	Agency 140 Department of Revenue
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☒ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☐ **Indeterminate Cash Receipts**

Name of Tax or Fee	Acct Code											
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Agency Preparation: Beth Leech	Phone: 360-534-1513	Date: 2/5/2025 5:58:35 pm
Agency Approval: Valerie Torres	Phone: 360-534-1521	Date: 2/5/2025 5:58:35 pm
OFM Review:	Phone:	Date:



Ten-Year Analysis

Bill Number 5650 SB	Title Cannabis local excise tax	Agency 195 Liquor and Cannabis Board
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

☐ **No Cash Receipts** ☐ **Partially Indeterminate Cash Receipts** ☒ **Indeterminate Cash Receipts**

Estimated Cash Receipts

Name of Tax or Fee	Acct Code											
Total												

Biennial Totals

Narrative Explanation (Required for Indeterminate Cash Receipts)

Section 1(4) The liquor and cannabis board must perform the collection of taxes under this section on behalf of a county or city and the state treasurer must distribute the taxes as available on a monthly basis to the county and cities within the county. Before the effective date of a resolution or ordinance to impose an excise tax under this section, the legislative authority of the county or city must contract with the liquor and cannabis board for tax administration and collection. The liquor and cannabis board may deduct a percentage amount, as provided by contract, not to exceed one percent of the taxes collected for administration and collection expenses incurred by the board.

The language above directs that the Board may deduct a percentage of taxes, but does not require it. In addition, there is no way to know how much tax revenue would be generated by this bill, that would be subject to the administration fee.

Therefore the cash receipt impact is INDETERMINATE.

Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 2/7/2025 9:51:29 am
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 2/7/2025 9:51:29 am
OFM Review:	Phone:	Date: