



A 10-Year Review of Non-Medical Cannabis Policy, Revenues, and Expenditures

In November 2012, Washington State voters passed Initiative 502 (I-502), which legalized limited possession, private use, and commercial sales of cannabis for adults.¹ The law also directed the Washington State Institute for Public Policy (WSIPP) to conduct benefit-cost evaluations of the implementation of I-502 by examining outcomes related to public health, public safety, substance use, the criminal justice system, economic impacts, and administrative costs and revenues.²

WSIPP is required to produce reports for the legislature in 2015, 2017, 2022,³ and 2032. The third report will be published in September. This report describes policies related to the legalization and regulation of non-medical cannabis in Washington. In addition, we summarize revenues and expenditures from the Dedicated Cannabis Account (DCA).⁴ In the forthcoming third required report,⁵ we will evaluate the relationship between I-502 implementation and the following outcomes:

- Reported adult and adolescent substance use,
- Substance use disorder and related mental health diagnoses,
- Healthcare use,
- Traffic safety, and
- Criminal justice outcomes.

Summary

Over the past ten years, since the passage of I-502 and the advent of cannabis retail sales, cannabis-related state legislation and regulatory policies have been updated in response to a growing cannabis market and public health concerns. In [Sections I and II](#), we summarize major cannabis-related policy milestones through fiscal year 2022.

In [Sections III-V](#), we describe cannabis-related sales, excise tax revenues, and spending of those revenues over the last decade. In fiscal year 2022, cannabis retailers sold nearly \$1.4 billion in cannabis products and just over half a billion dollars were generated in excise tax revenues. Most of these revenues are transferred to the general fund and state Basic Health Plan Trust Account, and less than 20% goes to state agencies for prevention, healthcare, research, and cannabis industry oversight. Since fiscal year 2016, the distribution of expenditures has remained largely unchanged, although the total dollar amount of cannabis-related revenue and

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¹ Initiative Measure No. 502.

² RCW 69.50.550.

³ The initial 2022 report deadline was moved to 2023 by WSIPP's Board of Directors.

⁴ Previously named the Dedicated Marijuana Fund (DMF) /Dedicated Marijuana Account (DMA).

⁵ To be published in September 2023.

[Section I](#) introduces components of I-502 and major changes in cannabis policy in Washington State over time. In addition, [Section I](#) summarizes non-medical cannabis (NMC) legalization nationwide. [Section II](#) summarizes policy related to retail licensing and regulation. [Section III](#) describes the Dedicated Cannabis Account. [Section IV](#) and [Section V](#) summarize cannabis-related revenues and expenditures, respectively. [Section VI](#) discusses key takeaways and outlines the forthcoming I-502 evaluation WSIPP will publish in September 2023.

I. Cannabis Legalization in Washington

[Exhibit 1](#) depicts a timeline summarizing major legislative and regulatory milestones related to cannabis legalization in Washington. For a more detailed list of bills that impacted cannabis sales and use, see [Appendix I](#).

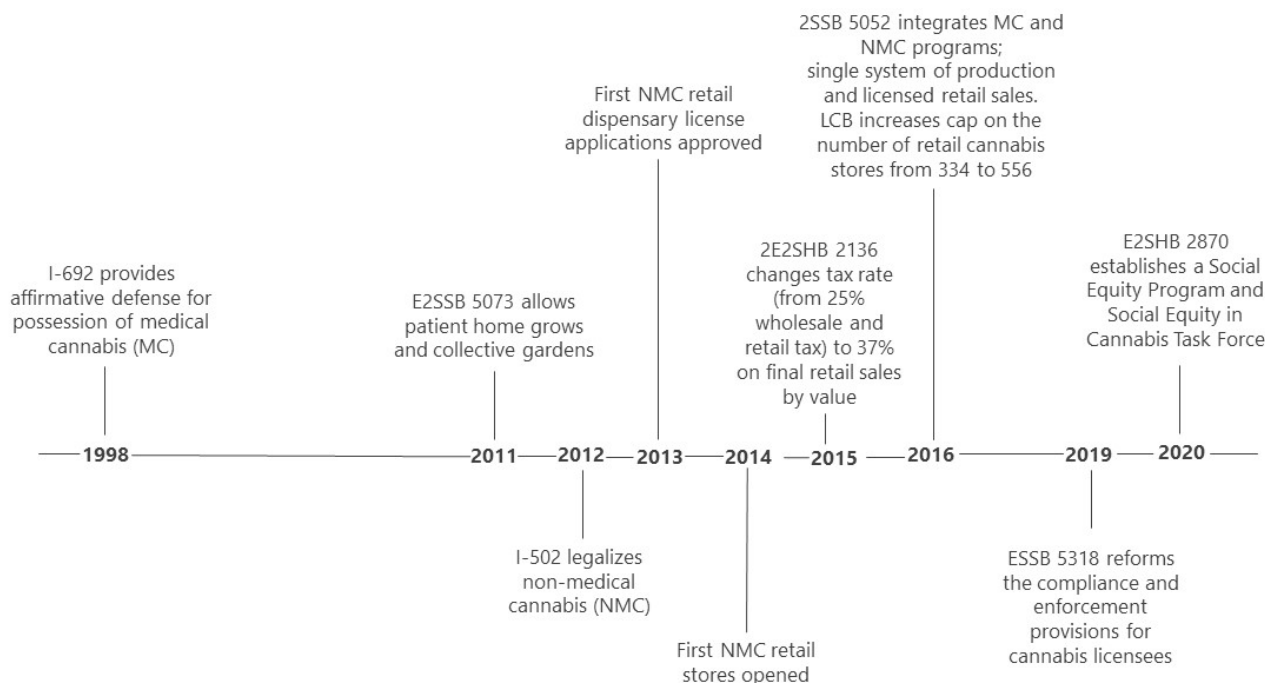
[Before Initiative 502](#)

In 1937, the Marihuana Tax Act federally prohibited the possession or transfer of cannabis in the United States, except for authorized medical and industrial uses.

Prior to the 1937 federal statute, 29 states, including Washington, had already criminalized cannabis.⁶ In 1971, the Washington State legislature reduced the crime of cannabis possession of 40 grams or less to a misdemeanor even though cannabis was listed as a Schedule I drug in 1970 under the federal Controlled Substance Act.

Exhibit 1

Washington State Cannabis Policy Timeline



⁶ Washington criminalized cannabis in the 1923 via HB 3. Other states that criminalized cannabis in the 1920s include Colorado, Louisiana, Nevada, Oregon, and Texas.

Medical Cannabis Legalization

In 1998, Washington passed Initiative 692, which provided authorized patients and their designated caregivers a legal defense for charges related to the use or possession of medical cannabis products.⁷ Washington was one of the first states to effectively legalize medical cannabis.⁸

In 2011, legislation further authorized patient home grows and collective gardens (cooperative grow operations among medically authorized patients) with allowable limits on the number of patients and plants.⁹ However, there was no legally established system for patients to purchase cannabis products through dispensaries.¹⁰

Initiative 502

Effective December 2012, I-502 legalized the possession, use, and commercial sales of non-medical cannabis for people ages 21 and older. The law also:

- Set a new threshold for driving under the influence of cannabis;¹¹
- Gave the responsibility of regulation of cannabis retail licensure and sales to the existing Liquor Control Board;

- Legalized the production, processing, and commercial sales of adult use cannabis by licensed operators only;¹²
- Set excise taxes to 25% of sales at each level of the cannabis market, producers, processors, and retailers; and
- Established the Dedicated Cannabis Account (DCA) and required specific allocations of tax revenue funds to be spent on substance use prevention, treatment, and research.¹³

The Liquor Control Board formed and adopted rules for licensing producers, processors, and retail sellers in October 2013. The first applications for licenses were accepted from November to December 2013. The first licenses were approved in March 2014; retailer licenses were initially capped at 334.¹⁴ The first commercial sales of non-medical cannabis started in July 2014.

⁷ Initiative Measure No. 692.

⁸ California was the first state to legalize medical cannabis use in 1996. Alaska, Nevada, Oregon, and Washington were the next states to legalize medical cannabis use in 1998.

⁹ Engrossed Second Substitute Senate Bill 5073, Chapter 181, Laws of 2011, partial veto.

¹⁰ Initiative 692 did not establish a state regulatory system to oversee the activity of cannabis collectives, medical cannabis authorizers, or patients. A lack of a centralized regulatory system and ambiguities in cannabis laws led to hundreds of medical cannabis collective gardens effectively operating as storefronts for personal access without oversight.

Dilley, J.A., Firth, C.L., & Kilmer, B.G. (2022). *Cannabis legalization in Washington: Policy evolution and emerging evidence from the first nine years*. In M. Pardal (Ed.). *The Cannabis Social Club* (pp. 155–186). Abingdon, UK: Routledge.

¹¹ I-502 established a per se limit of 5.00 ng THC/ml blood, previously the threshold was 0.00 ng/ml.

¹² In Washington, qualifying patients who are entered into the medical cannabis database and hold a medical cannabis recognition card may legally purchase immature plants/clones/seeds for home cultivation from a licensed producer under RCW 69.50.325.

¹³ I-502 required investments in substance abuse prevention, treatment, and research. Revenues collected from cannabis excise taxes, penalties, and fees are directed to public education campaigns, evidence-based prevention and treatment programming, and cannabis-related research, all of which may mitigate potential harms resulting from increased access to cannabis.

¹⁴ Retailer licenses were allotted for each city and county based on estimates of cannabis demand and incorporated random selection when the number of applicants exceeded the allotment.

[Policies Post I-502](#)

In the years since the passage of I-502 and the advent of cannabis retail sales, cannabis-related state legislation and regulatory policies were updated in response to a growing cannabis market and public health concerns.

[Medical Cannabis Market](#)

In 2015, legislation mandated the integration of the unregulated medical cannabis system into the highly regulated non-medical cannabis system by July 1, 2016.¹⁵ This law ended unregulated collective gardens and required existing medical dispensaries to close by July 1, 2016.

To serve the medical cannabis market, non-medical cannabis retailer stores must apply for medical endorsements. A store with a medical cannabis endorsement can sell “medically compliant” cannabis products that may be higher in THC and must satisfy a higher quality standard for pesticides, heavy metals, and mold contamination.¹⁶

Furthermore, this statute created a medical cannabis authorization database—launched by the Department of Health (DOH). An individual with a qualifying condition can obtain a medical authorization from a provider and voluntarily enter the database at a medically endorsed retail cannabis store.¹⁷

¹⁵ [Second Substitute Senate Bill 5052, Chapter 70, Laws of 2015, partial veto.](#)

¹⁶ Dilley et al. (2022).

¹⁷ Qualifying patients who are entered into the medical cannabis database and hold a medical cannabis recognition card are exempt from paying sales taxes, may purchase a higher limit, and may legally purchase immature plants/clones/seeds for home cultivation from a licensed producer.

¹⁸ License applications were reopened for six months (October 2015 thru March 2016) and prioritized applicants

In addition, this statute changed the name of the Liquor Control Board to the Liquor and Cannabis Board (LCB).

To accommodate the needs of the medical cannabis market, the LCB increased the number of retail cannabis licenses from a cap of 334 to 556. The number of retailer locations was distributed proportionately to the most populated cities within each county to accommodate the needs of qualifying patients.¹⁸ The LCB increased the number of available licenses in the ten counties with the highest medical sales by 100%, and counties not in the top ten received a 75% increase in available licenses.¹⁹ Local jurisdictions with a ban or moratorium did not receive an increase in license allotment.

Currently, approximately 240 licenses—roughly half of all active licenses—have a medical endorsement.²⁰

[Cannabis Taxes](#)

The initial cannabis tax structure defined in I-502 in 2012 assessed a 25% tax on each transactional transfer of cannabis—i.e., when producers sell to processors, when processors sell to retailers, and when retailers sell to the end consumer. However, after July 1, 2015, the only tax collected was a 37% excise tax paid at the time of purchase.²¹ This legislation also added the allocation of tax revenue distributions for cities, towns, and counties.

with a history of working in collective gardens. LCB. (2015, December 16) [Board to increase number of retail marijuana stores following analysis of marketplace](#) [press release]. LCB. (2016, March 7) [Board to close marijuana retail license application window March 31, 2016](#) [press release].

¹⁹ [RCW 69.50.345.](#)

²⁰ [Cannabis; medically endorsed stores.](#)

²¹ [Second Engrossed Second Substitute House Bill 2136, Chapter 4, Laws of 2015.](#)

Cannabis Product Packaging and Labeling

Rules dictating the allowable packaging and labeling of cannabis products continued to evolve in response to public health concerns, market growth, and industry feedback. For example, in 2014, before the first 20 cannabis retail licenses were issued, the LCB adopted emergency rules—largely related to cannabis-infused food products—designed, in part, to curb accidental youth consumption and adult overconsumption.²² A primary provision of these emergency rules was for the LCB to approve all cannabis-infused products, packages, and labels before sale. These rules became permanent in June 2016.

The LCB established specific cannabis packaging and labeling requirements under regulation in 2013. These rules have been revised and updated since then, with the most recent revisions becoming effective on January 1, 2020.²³ These regulations, among other things, attempted to limit further the appeal of edible products and packaging to children.

Social Equity Program

In 2020, the legislature established a Social Equity Program and the opportunity to provide a fixed number of cannabis retail licenses to individuals disproportionately impacted by the enforcement of cannabis prohibition laws.²⁴ The Social Equity in Cannabis Task Force was established through the same legislation and further expanded in 2021.²⁵

²² See [WAC 314-55-077](#), concerning cannabis processor licensees.

²³ [WAC 314-55-105](#).

²⁴ [Engrossed Second Substitute House Bill 2870, Chapter 236, Laws of 2020](#).

COVID-19 Pandemic

The first confirmed case of COVID-19 in the United States was reported in January 2020.²⁶ The COVID-19 pandemic, and subsequent emergency proclamation, led to retail restrictions. The LCB provided guidance and temporary policy modifications to aid licensees through this period of business restrictions. [Exhibit 2](#) summarizes key rule changes that occurred early in the pandemic.

Exhibit 2

COVID-19 Related Events and Rule Changes

Date	Summary
Feb 29, 2020	Governor issues COVID-19 Emergency Proclamation
Mar 17, 2020	Retailer curbside service allowed for qualified medical patients*
Mar 18, 2020	Guidance for stores to operate safely during COVID-19
Mar 23, 2020	Cannabis manufacturers and retailers included as essential workforce in Proclamation 20-25
Mar 25, 2020	Deferred taxes and waived penalties for lateness till April 22nd, effective Feb 29th
Jun 7, 2021	Joints for Jobs promotions
Oct 31, 2021	Curbside cannabis allowances expired

Note:

*Qualified medical patients had to be registered in the cannabis authorization database. Later curbside service was allowed for all legal adult sales, and walk-up windows were allowed.

²⁵ [Engrossed Substitute House Bill 1443, Chapter 169, Laws of 2021](#).

²⁶ Centers of Disease Control and Prevention (2022, August 16) [CDC Museum COVID-19 Timeline](#).

Non-medical Cannabis Legalization in Other States

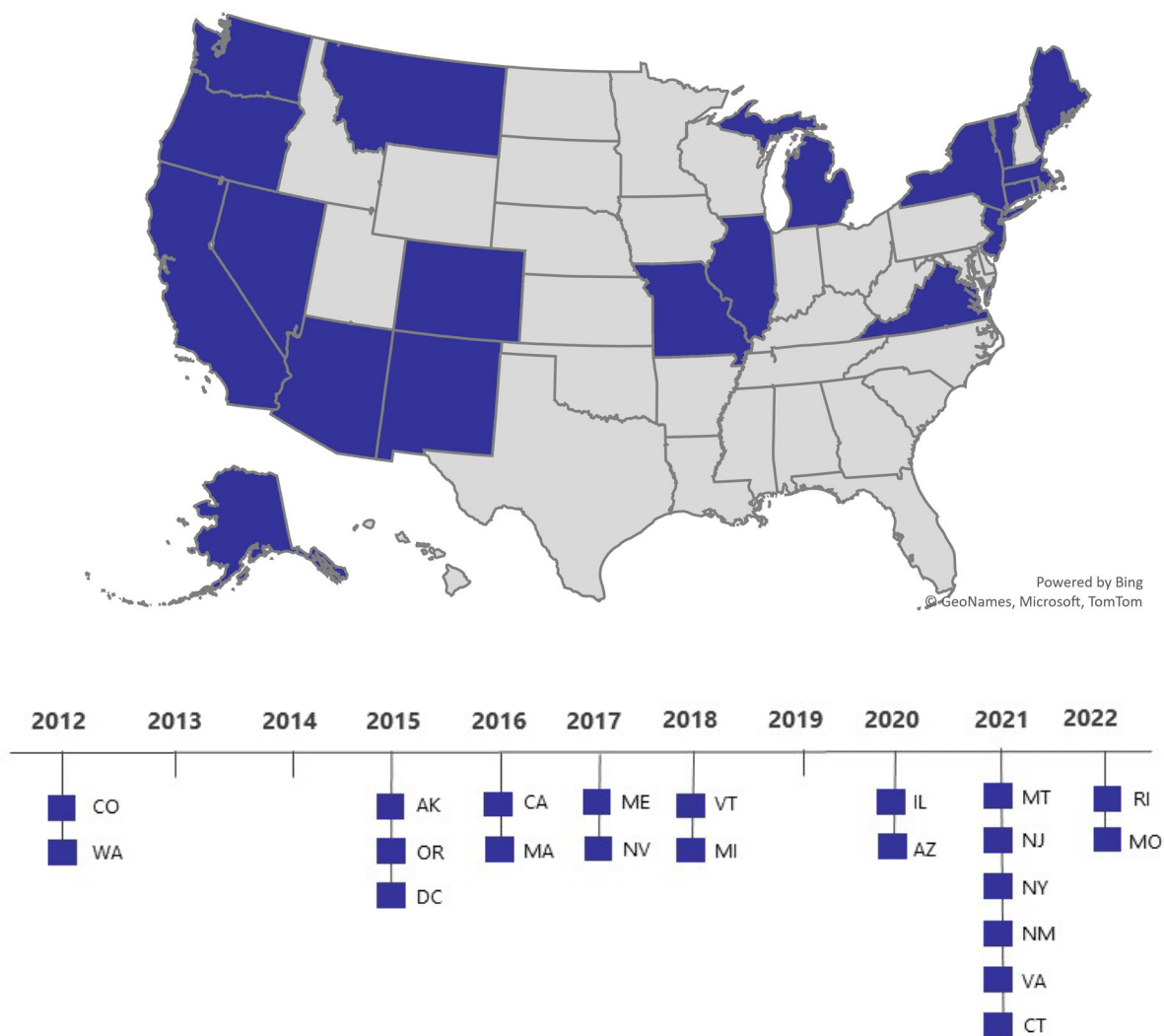
Washington and Colorado were the first states to legalize non-medical cannabis possession and use for adults over 21. Since then, 19 more states and Washington, D.C. have legalized the recreational use of cannabis.²⁷

Exhibit 3 displays a map and timeline of non-medical cannabis legalization in the U.S.

Although these states all legalize adult possession and use, state laws differ in the established regulatory and taxation structure. For example, Washington is one of few states to ban the home cultivation of non-medical cannabis. See [Appendix II](#) for a summary of key differences in laws and regulations.

Exhibit 3

Non-medical Cannabis Legalization Effective Dates in the U.S.



²⁷ This count does not include Maryland, whose Question 4 Marijuana Legalization referendum legalizing non-medical

cannabis passed in November 2022 but is not effective till July 2023.

II. Retail Licensing and Regulation

Initiative 502 charged the LCB with developing a system for licensing and a regulatory structure to guide oversight of the cannabis market. Licensing rules were adopted in 2013, and non-medical retail sales commenced on July 8, 2014.

The cannabis sector in Washington primarily comprises three operations: production, processing, and retail sales. Production includes growing and harvesting the plant, processing converts the harvested plant into usable cannabis products, and retailers sell cannabis products to end consumers. Washington State cannabis law prohibits full vertical integration across the three sectors.²⁸ That is, a licensed cannabis producer and/or processor is forbidden from owning, operating, or having any financial interest in a licensed cannabis retailer.²⁹

Exhibit 4 summarizes the total number of cannabis licenses and businesses by operation category in August 2021. A single business can hold up to five retail cannabis licenses.³⁰ According to LCB data, in August 2021, there were almost 2,800 active licenses and 1,600 businesses. There were 2,271 active producer and processor licenses held by 1,158 unique businesses, and there were 502 active retailer licenses held by 423 unique businesses.

In addition to cannabis producer, processor, and retailer licenses, the LCB also issues licenses to transporters and research labs.³¹ The LCB assigns a maximum number of cannabis retail sales license allowances in each town, city, or county area based on predicted local demand and the statewide retail cap. However, cities and counties can choose to prohibit or designate appropriate zones for licensed cannabis businesses, and they may file objections granting a license at a particular location.³²

Exhibit 4

Washington Cannabis Business and Licenses
by Category of Activity, August 2021

Category	Businesses	Licenses
Producer/processor	1,158	2,271
Transporter	9	11
Retailer	423	502
Lab	11	11
Total	1,601	2,795

Note:

Table sourced from [Washington Cannabusiness Association, Economic Impact Analysis \(2021\)](#).

²⁸ [RCW 60.50.328](#).

²⁹ Vertical integration across the production and processing sectors is permitted, and in most cases, businesses own both a producer and processor license. [Washington CannaBusiness Association. \(2021\). Economic impact analysis.](#)

³⁰ [WAC 314-55-079](#). Note, prior to 2015 a single business could not hold more than three licenses.

³¹ In 2016, Washington State established a new cannabis research license which allows for breeding new strains without requiring the plants be sold or destroyed. [RCW 69.50.372](#).

³² [RCW 69.50.331\(10\)](#).

In 2019, the legislature significantly reformed the LCB and its role as a regulator of the cannabis industry.³³ The law reformed the compliance and enforcement provisions for cannabis licensees by focusing more on compliance education and guidance rather than violation enforcement. The law emphasizes assisting businesses in successfully meeting statutory and regulatory requirements.

Since 2016, LCB has partnered with other agencies to aid in regulatory activities.³⁴ This includes partnering with the Washington State Patrol to limit the illegal cannabis market and partnering with the Department of Ecology and the Department of Agriculture to implement and maintain laboratory cannabis product testing for consumer safety.³⁵

³³ [Engrossed Substitute Senate Bill 5318, Chapter 394, Laws of 2019](#).

³⁴ LCB. (2016, September 15). [Two state agencies partner to speed testing marijuana for illegal pesticides](#). [press release].

³⁵ Official funding for these activities from the DCA was mostly appropriated through budget provisos. See [Section V](#) for more details on expenditures and [Appendix I](#) for specific legislation that added these allocations.

III. The Dedicated Cannabis Account (DCA)

Initiative 502 mandates the creation of the DCA—[Exhibit 5](#) displays the details of this mandate.³⁶ The DCA receives all revenues from cannabis-related activities (e.g., cannabis excise tax revenues). The purpose of this account was to preserve and determine the allocation of funds for the following:

- implementation and enforcement of regulations related to cannabis legalization and
- treatment, research, and prevention of substance use and substance use disorders.

After these allocations are funded, the remaining DCA funds are transferred to the Basic Health Plan Trust and the State General Fund.

DCA Allocations

The legislature must annually appropriate moneys in the DCA, following the allocations (or legal guidelines) set in statute.³⁷ These allocations outline intended appropriations in two ways—

- 1) fixed annual dollar amounts and
- 2) fixed annual percentages of the remaining funds after dollar amounts are distributed.

Exhibit 5

Details of the Dedicated Cannabis Account

(1) There shall be a fund, known as the dedicated marijuana fund, which shall consist of all marijuana excise taxes, license fees, penalties, forfeitures, and all other moneys, income, or revenue received by the state liquor control board from marijuana-related activities. The state treasurer shall be custodian of the fund.

(2) All moneys received by the state liquor control board or any employee thereof from marijuana-related activities shall be deposited each day in a depository approved by the state treasurer and transferred to the state treasurer to be credited to the dedicated marijuana fund.

(3) Disbursements from the dedicated marijuana fund shall be on authorization of the state liquor control board or a duly authorized representative thereof.

I-502, Part IV Sec. 26

[Exhibit 6](#) describes the original annual allocation amounts (as dollars/percentages), the purpose of those allocations, and to which agency the allocations were sent. The first four rows detail fixed dollar distributions, and the remaining rows detail percentage allocations to be distributed from the remaining revenue in a given fiscal year.

³⁶ Previously named the Dedicated Marijuana Fund (DMF) /Dedicated Marijuana Account (DMA).

³⁷ Specific allocations are detailed in [RCW 69.50.540](#).

Exhibit 6

Initial I-502 Requirements for DCA Allocations

Requirement	Agency/account	Annual funding
Administrating I-502 and regulation & enforcement of retail cannabis sales	Liquor & Cannabis Board	\$5,000,000
Healthy Youth Survey: Administration, data analysis, and reporting; may be used for expansion of survey to college students	Dept. of Social & Health Services (DSHS)	\$500,000
WSIPP benefit-cost evaluations of I-502	DSHS & WSIPP	\$200,000
Web-based public education materials about marijuana	University of Washington – Alcohol & Drug Abuse Institute	\$20,000
Percentage distributions (After distributions with fixed amounts, percentages apply to the remaining DCA balance)		
Washington Basic Health Plan administrator and used as provided under RCW 70.47	State Basic Health Plan Trust Account	Up to 50%
Programs & practices aimed at prevention/reduction of maladaptive substance use, disorder, and dependence*	DSHS – Division of Behavioral Health & Recovery	15%
Marijuana education & public health programs, including a hotline, community-based prevention grants, media campaigns, and Washington Poison Center	Department of Health	10%
Contracts with community health centers to provide services as provided under RWC 41.05.220	Health Care Authority (HCA)	5%
Research on short & long-term effects of marijuana use, including methods for estimating intoxication & impairment	University of Washington	0.60%
Research on short & long-term effects of marijuana use, including methods for estimating intoxication & impairment	Washington State University	0.40%
Dropout prevention for at-risk students	Office of the Superintendent of Public Instruction	0.30%
General fund	General fund	Remainder, approximately 18.7%

Notes:

*At least 85% of the funds for DSHS programs must be used for programs defined as being evidence-based and cost-beneficial. Up to 15% can be used for proven & tested practices, emerging best practices, or promising practices.

[RCW 70.47](#) previously funded the Basic Health Plan, which was discontinued with Apple Health and the expansion of Medicaid under the [Affordable Care Act](#). These funds now offset HCA costs associated with H1261: Categorically Needy Children in Managed Care. [RCW 41.05.220](#) requires that HCA spend these grant dollars on primary health and dental care services, migrant health services, and maternity health care services.

[Post I-502](#)

Between 2012 and 2022, there were only incremental changes to the DCA appropriations. For example, as previously mentioned, legislation added funding distributions to local governments (see [Section I](#)). Multiple bills, including the operating budgets in 2017, 2018, and 2019 made minor amendments to statute.³⁸ Most added relatively small appropriations to state agencies not originally included in I-502. The purpose of these additional appropriations was to fund or reimburse agencies supporting the cannabis industry and consumer activities. For example, DOH received funding to create the medical marijuana authorization database. For more details on specific bills and their impact, see [Appendix I](#).³⁹

In 2022, legislation restructured and modified appropriations from the DCA to agencies, local governments, and the state general fund, effective fiscal year 2023.⁴⁰ A primary change was to shift most of the research and prevention funding from a percentage allocation to a specific dollar amount. In addition, annual allocation amounts received a cost-of-living adjustment but specific dollar funding for only the next biennium did not.

This legislation also appropriates a specific percentage of the remaining funds to localities. Previously, the DCA alternatively appropriated funds to localities as a portion of the general fund. [Appendix III](#) outlines the new allocations introduced by the bill and gives an example of how local distributions are allocated.

The next two sections of this report discuss cannabis revenues generated and actual DCA expenditures. The expenditure data used in this report is limited to broad spending categories. Therefore, we cannot directly compare the dollar amounts of actual expenditures to the allocation funding categories defined in [Exhibit 6](#).⁴¹

³⁸ [RCW 69.50.540](#).

³⁹ Detailed appropriations, actuals, and notes regarding changes in RCW code over time for each state agency that received allocations is available on request.

⁴⁰ [Engrossed Second Substitute Senate Bill 5796, Chapter 169, Laws of 2022](#).

⁴¹ [E2SSB 5796](#) mandates that the Joint Legislative Audit & Review Committee (JLARC) conduct a review of DCA appropriation and expenditures. See JLARC's report (due December 1, 2023) for more detail.

IV. Sales and Revenues

Using data from LCB and the Washington State Office of Financial Management (OFM), we summarize annual cannabis sales and excise tax revenues from retailers. We first provide this information for all of Washington and then describe sales and excise tax revenues in individual counties.

Statewide Sales and Revenues

[Exhibit 7](#) illustrates both cannabis retail sales and retail excise tax revenues using LCB data. Sales began in July 2014, the start of FY2015, and continue through the latest year of data, FY2022.

Panel A of [Exhibit 7](#) summarizes annual statewide total retail sales revenue (in blue) and total retail excise tax revenue (in gray). Panel B illustrates the corresponding annual statewide *per capita* sales and retail excise tax revenue.

In both panels of [Exhibit 7](#), there is an increase in both retail sales and retail excise tax revenues after the medical cannabis market was integrated into the non-medical market established by I-502 in 2016. This increase is likely because medical sales are now being captured by the regulated market, and the retail license cap increased by 222 licenses. See [Section I](#) for more information about this legislation.

Sales and revenues continued to increase in the years after the medical market merge until FY2022 when retail sales and excise tax revenue declined for the first time.

To contextualize the scale of cannabis excise tax revenues, in FY2021, that state collected approximately \$555 million in cannabis taxes, \$454 million in alcohol taxes, \$385 million in tobacco taxes, and \$13.4 billion in general retail sales taxes.⁴² Annual tax collections from cannabis surpassed alcohol in 2019, and annual tax collections from both cannabis and alcohol surpassed tobacco in 2020.⁴³

Using data from OFM, in [Exhibit 8](#), we also summarize cannabis revenues from sources other than retail excise taxes. Cannabis revenues are categorized into three types: excise taxes; licenses, permits and fees; and state charges and miscellaneous revenue.⁴⁴

[Exhibit 8](#) depicts revenues from licenses, permits, and fees. These revenues increased sharply at three regulatory milestones: 1) when license applications opened in 2013; 2) when the cap on licenses was increased by 222 in 2016 and applications reopened for the medical cannabis market; and 3) when there was a temporary fee increase to offset the costs of changing to a new traceability system in 2018.⁴⁵ Since FY2018, revenue from licenses, permits, and fees have been relatively stable. Revenues collected from licenses and fees are relatively small compared to revenue collected from excise taxes (\$3.8 million vs. \$510 million in FY2022).

⁴² WA DOR. (2021, December). [Summary of State Taxes; FY 2020 – 2021](#). Accessed 02/24/2023.

⁴³ WS DOR. (2020, April). [Summary of State Taxes; FY 2018 – 2019](#). Accessed 02/24/2023.

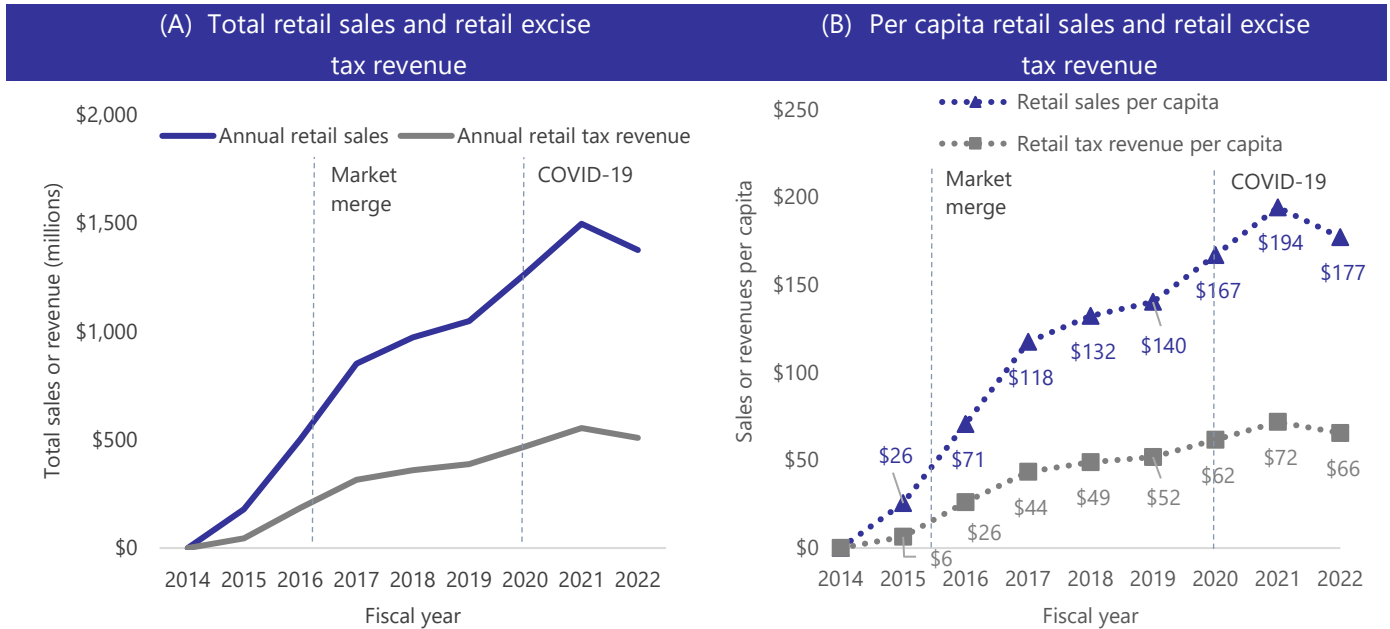
WS DOR. (2020, December). [Summary of State Taxes; FY 2019 – 2020](#). Accessed 02/24/2023.

⁴⁴ Miscellaneous revenue includes fines, forfeits, and seizures, recovery of prior expenditure authority expenditures, cash over and short, and interest income; they amounted to \$252,500 in FY2022.

⁴⁵ [Senate Bill 5130, Chapter 316, Laws of 2017](#).

Exhibit 7

Retail Sales and Excise Tax Revenue, FY2015-2022



Notes:

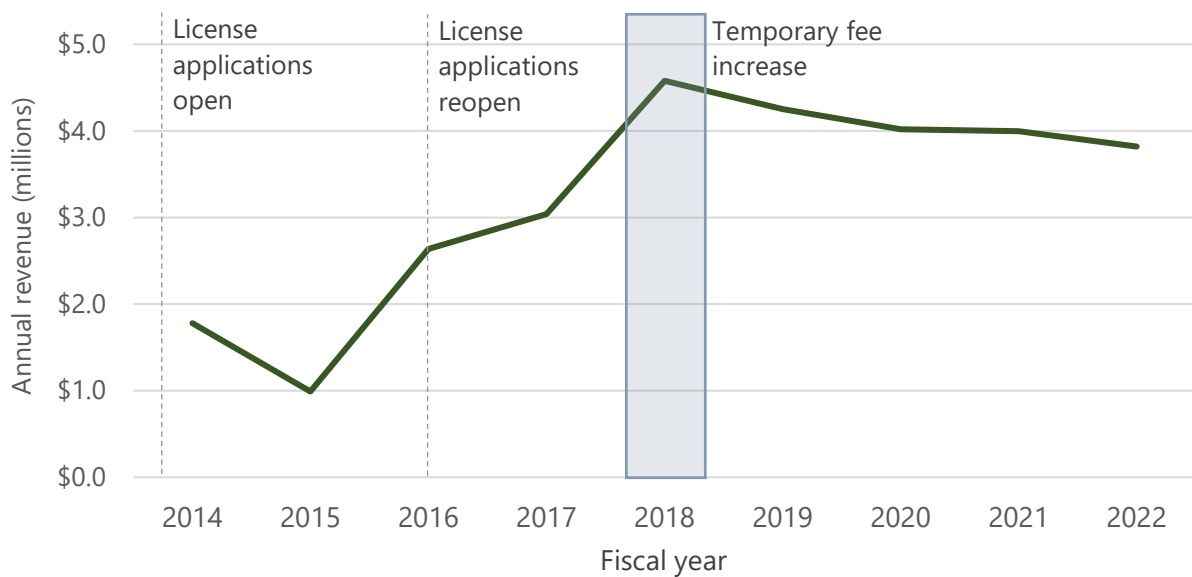
Per capita sales and per capita retail tax revenues are calculated by dividing annual sales or annual retail tax revenues by population. We used Census and intercensal population estimates from OFM.

Data on sales and revenues for cannabis producers and processors are not available after 2017, therefore these figures exclude those sales and revenues entirely.

This exhibit only summarizes total annual sales and excise tax revenues from final retail sales.

Exhibit 8

Cannabis Revenue from Licenses, Fees, & Permits, FY2015-2022



Note:

Exhibit only includes revenue from licenses, permits, and fees from OFM data.

County-Level Sales and Revenues

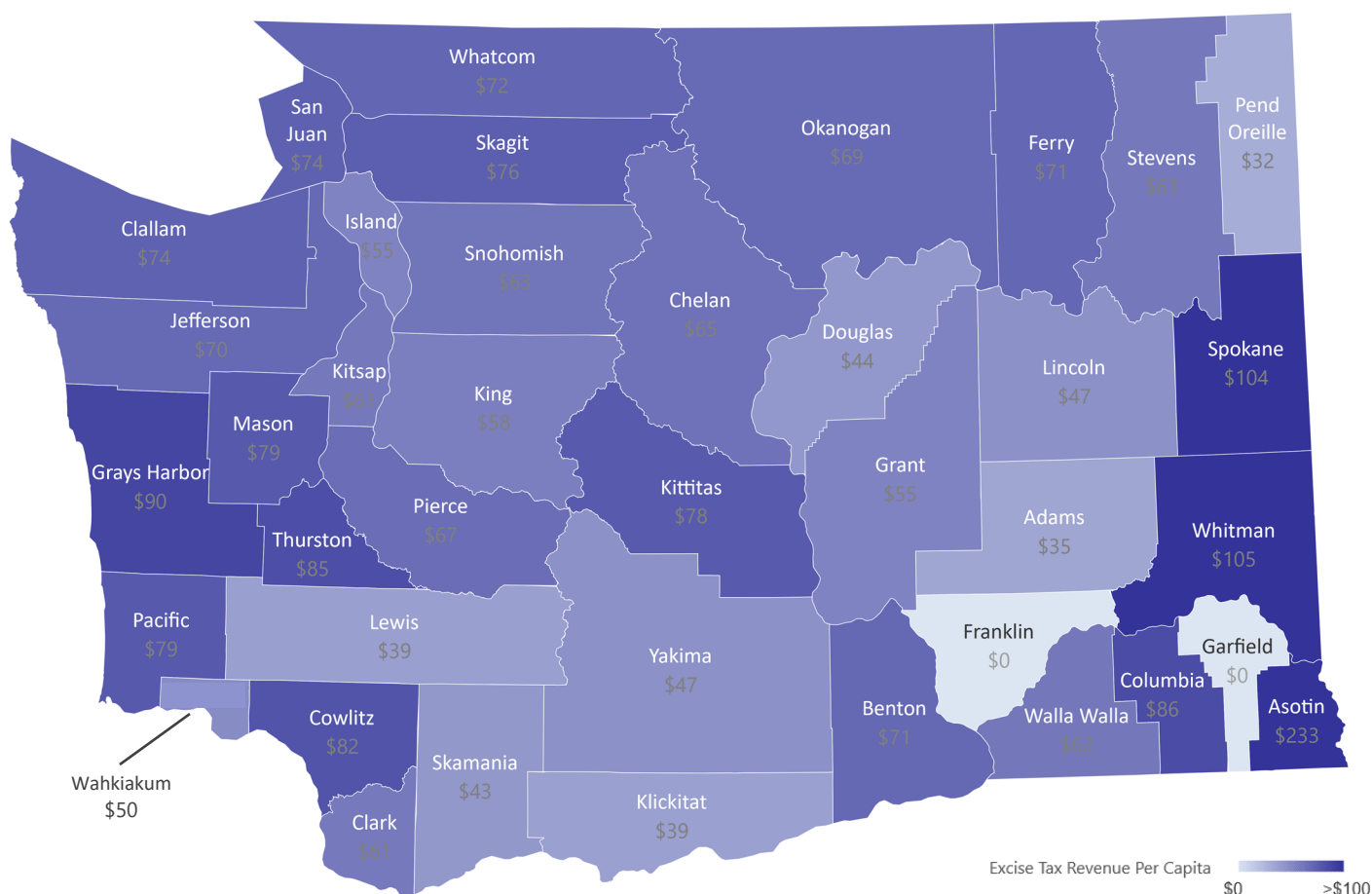
When retail sales in Washington commenced in FY2015, 30 of Washington's 39 counties had an operational cannabis retailer generating sales and excise tax revenue. By FY2022, all but Franklin and Garfield counties had ongoing sales.

Total annual sales and excise tax revenue generated are highest in the five most populous counties—King, Pierce, Snohomish, Spokane, and Clark.

These counties, with population sizes over 300,000, each generated over \$30 million in revenue during FY2022. However, the highest sales and excise tax revenue *per capita* are concentrated in counties bordering Idaho. Using LCB data, [Exhibit 9](#) is a map of Washington counties summarizing each county's generated excise tax revenue per capita in FY2022.

Exhibit 9

Excise Tax Revenue Per Capita by County FY2022



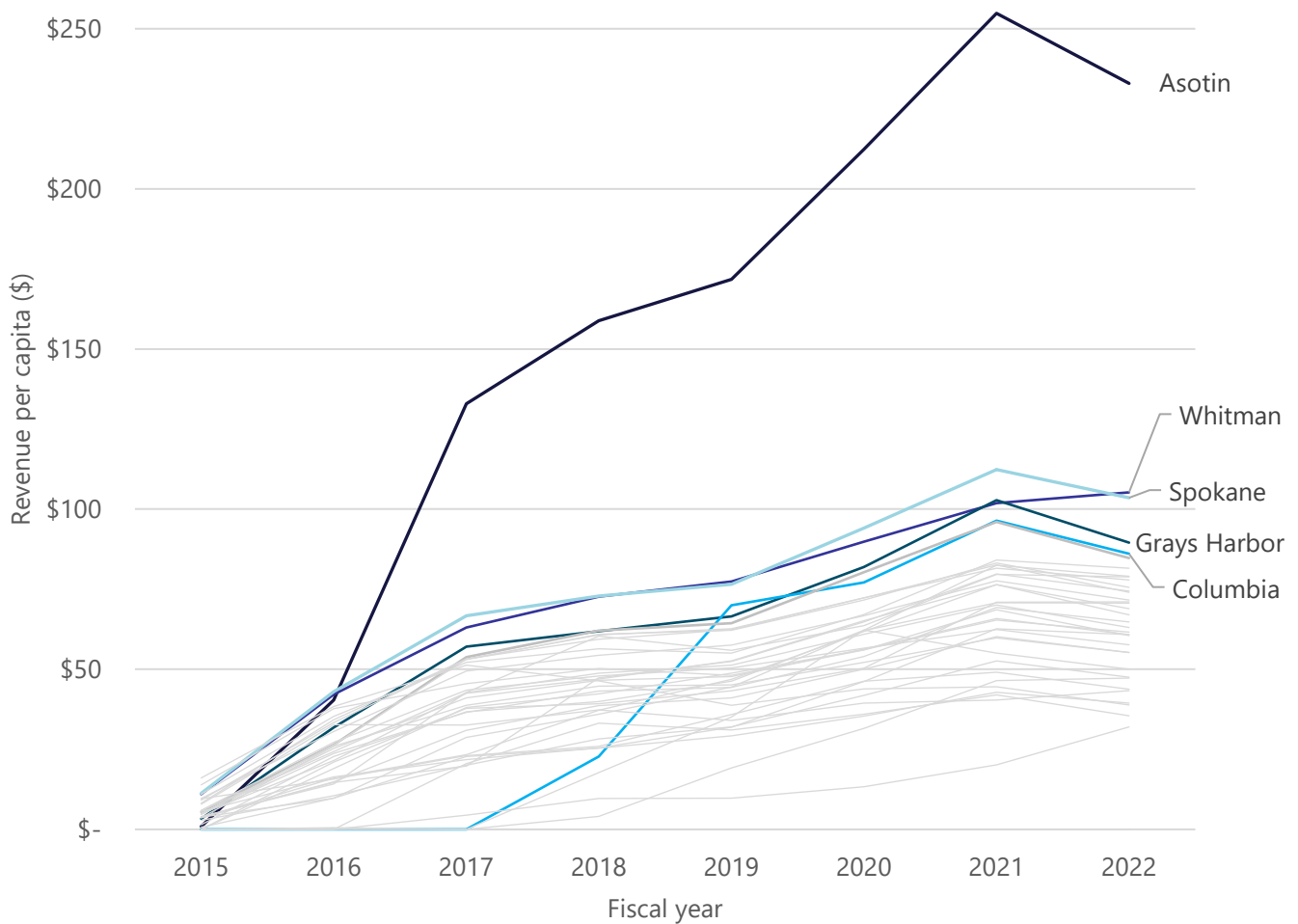
Note:

Per capita sales and per capita retail tax revenues are calculated by dividing annual sales or annual retail tax revenues by population. We used Census and intercensal population estimates from OFM.

Exhibit 10 depicts annual excise tax revenue per capita by county between FY2015-FY2022. County revenues have risen steadily over time, with two notable exceptions being Asotin and Columbia counties where revenues have risen sharply since the advent of sales.

For more information about sales and revenue over time for each county, see [Appendix IV](#).

Exhibit 10
Retail Excise Tax Revenue Per Capita by County and Fiscal Year



Notes:

The top five revenue per capita generators are labeled. All other counties are in light grey.
Per capita sales and per capita retail tax revenues are calculated by dividing annual sales or annual retail tax revenues by population.
We used Census and intercensal population estimates from OFM.

V. Expenditures

We received data from OFM on the expenditures of the dedicated cannabis account (DCA) for each state agency by fiscal year.⁴⁶ Funds from the DCA have been distributed to 16 entities that will be referenced throughout this section. [Exhibit 11](#) summarizes the abbreviations used when referring to those entities.

[Exhibit 12](#) summarizes the expenditures and transfers out of the DCA for FY2022.⁴⁷ Total expenditures in FY2022 amounted to \$519 million. Nearly half the DCA funds are transferred to the State Basic Health Plan, about one-third are transferred to the general fund, and 4% are transferred to localities (i.e., cities, towns, and counties).⁴⁸

Expenditures on prevention activities account for 7% of overall spending in FY2022—these activities include DOH’s Marijuana Prevention and Education Program, contributions to the WA Poison Center, OSPI’s Building Bridges programs to reduce rates of school dropouts, and DSHS’s (now HCA’s) prevention and substance use reduction programs.⁴⁹

Exhibit 11

WA State Entities and Abbreviations

Abbreviation	Entity
AGR	Department of Agriculture
COM	Department of Commerce
CTC	Cities, Towns, & Counties
DES	Department of Enterprise Services
DOH	Department of Health
DSHS	Department of Social and Health Services
ECY	Department of Ecology
GF	General Fund
HCA	Health Care Authority
LCB	Liquor and Cannabis Board
OSPI	Office of Superintendent of Public Instruction
SAG	Special Appropriations to the Governor
SBHPT	State Basic Health Plan Trust
UW	University of Washington
WSP	Washington State Patrol
WSU	Washington State University

⁴⁶ In addition, we received detailed appropriation and actuals reports. This information is available on request.

⁴⁷ Note, there are some large differences between the distribution of expenditures and the original allocations seen in [Exhibit 6](#). The actual transfer to the general fund is nearly double the anticipated remainder (18%).

⁴⁸ State Basic Health Plan Trust [RCW 70.47](#) previously funded the Basic Health Plan, which was discontinued with Apple Health and the expansion of Medicaid under the Affordable Care Act. These funds are now used to offset HCA costs associated with H1261: Categorically Needy Children in Managed Care.

⁴⁹ DSHS allocations were for prevention and treatment programs and all those responsibilities were transferred to the HCA in FY2019. HCA’s prevention and substance use reduction programs include: the Parent Child Assistance Program; OSPI grant of LifeSkills Training; Tribal and American Indian prevention and treatment services; residential treatment services for children and youth; evidence-based, research-based, and promising programs; Home Visiting Services Account; Substance Use Disorder (SUD) Juvenile Offenders Fund; SUD Committed Offenders Fund; SUD Treatment Expansion Fund; and Youth Prevention Services. This list includes the list of programs as of the transfer from DSHS. Because the funding is for development, implementation, maintenance, and evaluation, some programs may have been added since then.

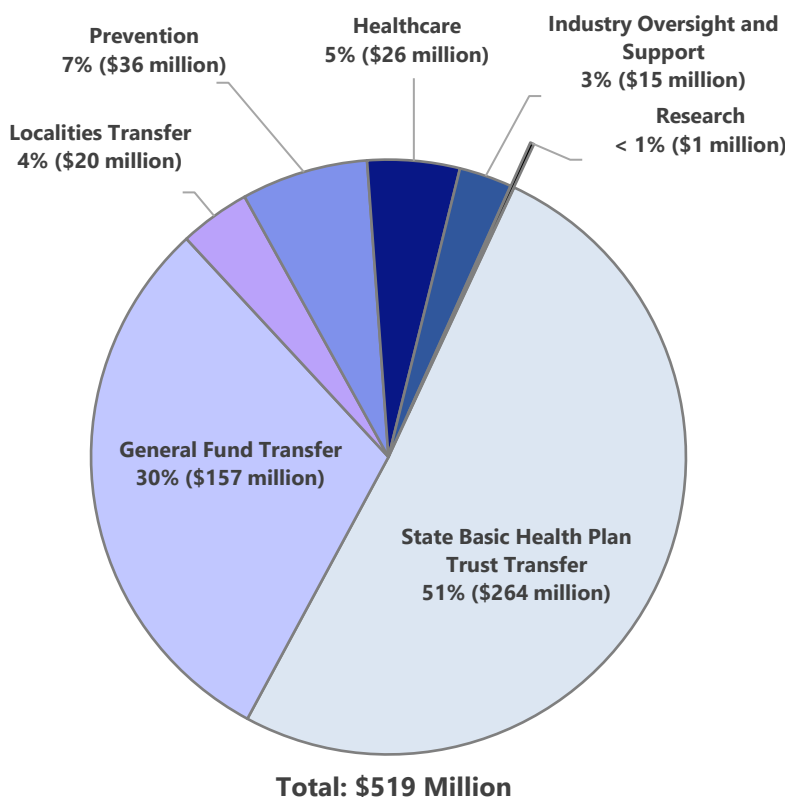
Expenditures on healthcare services account for 5% of overall spending in FY2022; this comprises HCA’s contracts with community health centers.⁵⁰

Expenditures on cannabis industry oversight and support account for 3% of spending. These expenditures include all LCB activities, WSP’s drug task force for dismantling illicit cannabis trade, ECY’s cannabis product testing, AGR’s testing for pesticides, and COM’s social equity grant program.

Expenditures for research activities comprise less than 1% of DCA expenditures and include spending on the healthy youth survey, WSIPP’s legislatively assigned cost-benefit analysis, and ongoing research activities at UW and WSU.⁵¹

Exhibit 12

Expenditures by Department and Type in FY2022



Note:

This figure represents DCA expenditure data from OFM.

⁵⁰ This does not include treatment services that may be paid for by the state Basic Health Plan Trust Account or for the prevention programs that include some element of treatment. These funds are used for providing primary health and dental care services, migrant health services, and

maternity health care services as provided under [RCW 41.05.220](#).

⁵¹ A small portion of UW allocations are for the creation, maintenance, and timely updating of the web-based public education materials providing medically and scientifically

Before FY2022, the distribution of spending across transfers and agency expenditures (as illustrated in [Exhibit 12](#)) remained relatively consistent. For example, it has always been that nearly half of DCA funds are transferred to the State Basic Health Plan Trust Transfer, and roughly 3% of total spending has always gone to industry oversight and support. However, the dollar amounts associated with this distribution have significantly increased as cannabis excise tax revenues have increased. For example, in FY2016, 4% of spending on industry oversight and support translated to about \$7.8 million; however, in FY2022, a similar 3% translates to \$14.9 million.

Agency-Specific Expenditures

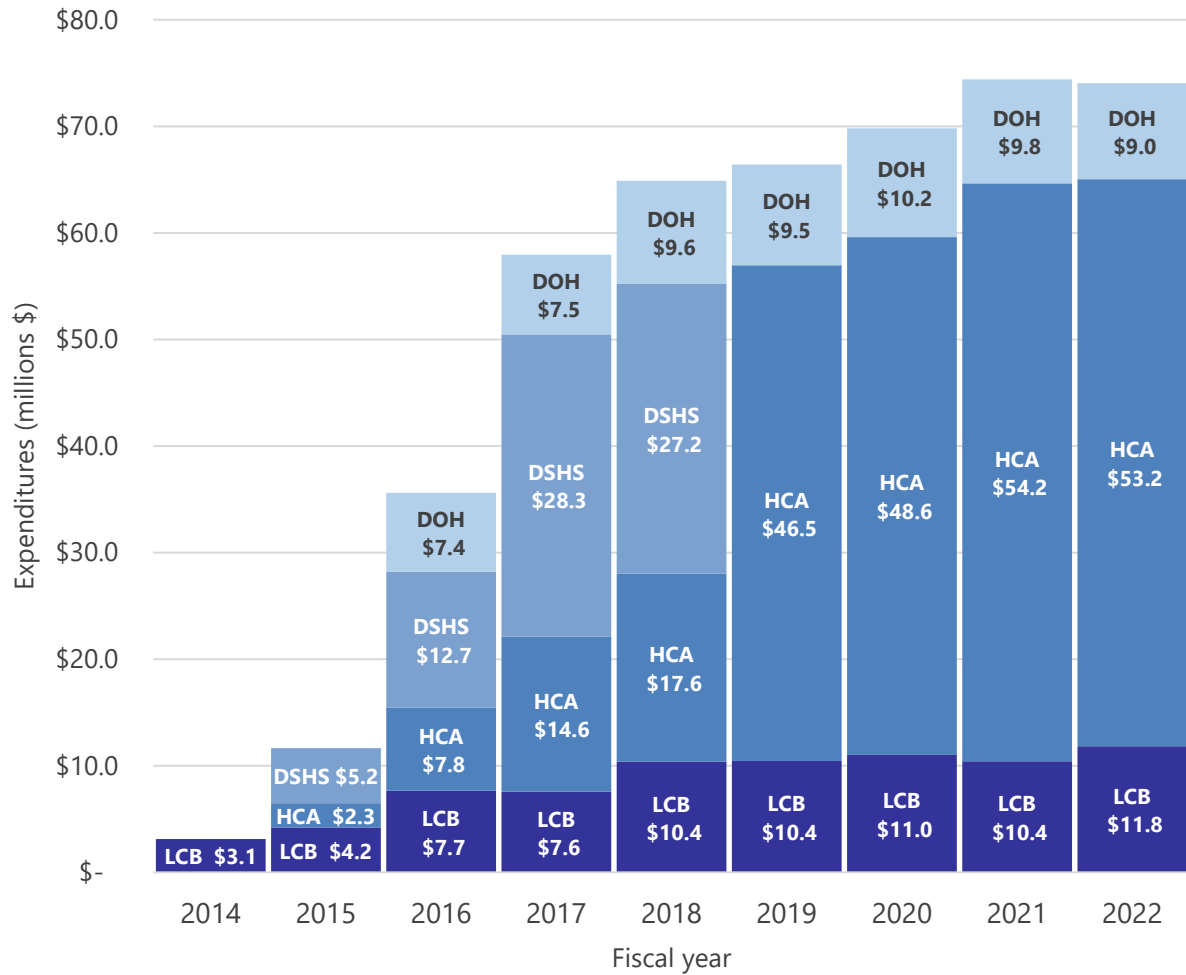
[Exhibits 13](#) and [15](#) display the highest and lowest expenditures for agencies, respectively. These figures do *not* include transfers to other state accounts or localities, such as the general fund.

LCB expenditures from the DCA have primarily comprised salaries and expenses with legislatively mandated changes made over time to adapt spending needs to the growing cannabis industry. Expenditures for DOH—which include prevention programs and the WA Poison Center—have been relatively consistent over time.

accurate information about the health and safety risks posed by cannabis use.

Exhibit 13

DCA Expenditures by Agency and Fiscal Years, Highest Agency Expenditures

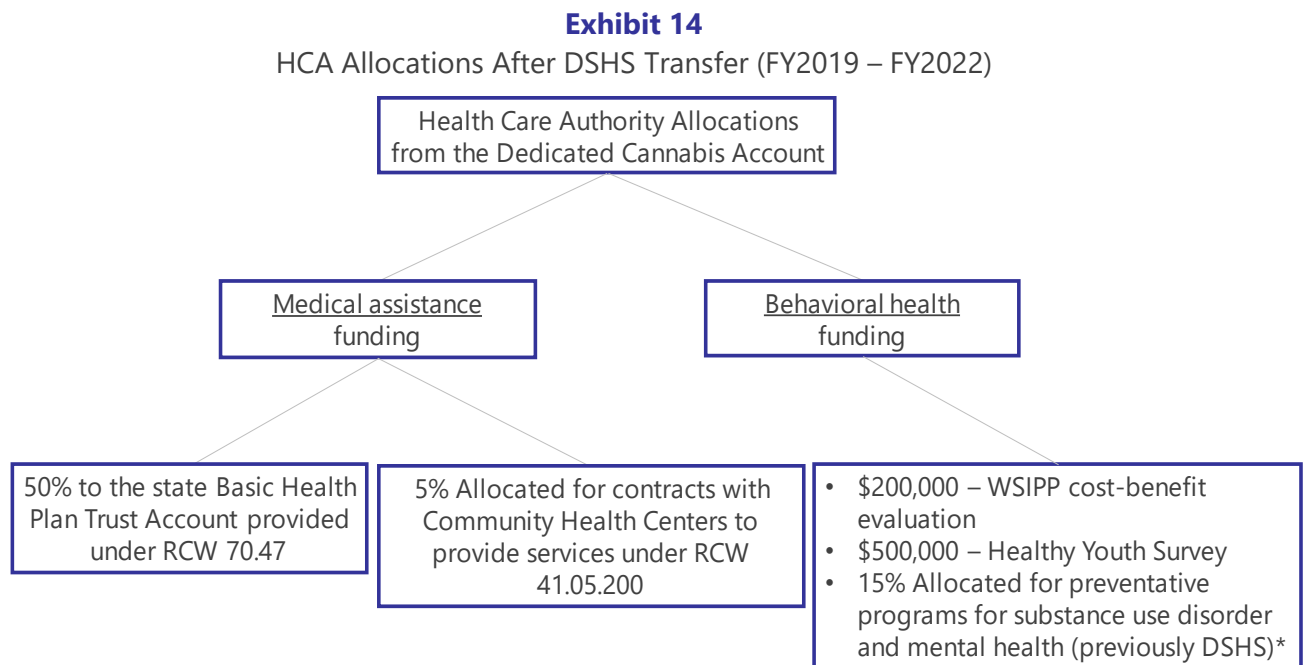


Notes:

This figure represents DCA expenditure data from OFM.
Funds from the SBHPT account are not included in the expenditures.

DSHS and HCA have experienced the largest changes in DCA expenditures because the Division of Behavioral Health and Recovery was transferred from DSHS to HCA in FY2019. [Exhibit 14](#) describes how DCA allocations to DSHS were integrated into HCA's distributions after this transfer. Previously funded DSHS activities are now funded through HCA under the category of behavioral health funding.

The remaining allocations to HCA fall under the category of medical assistance. Medical assistance funding includes the original funds HCA received in I-502 to contract with community health centers and funds from the SBHPT account. Funds from the SBHPT account are *not* included in the expenditures summarized in [Exhibits 13](#) and [15](#).



Notes:

*Division of Behavioral Health & Recovery Allocations Transferred over from DSHS to HCA in FY2019.

These allocations do not represent current allocations as specified in E2SSB 5796 (2022), effective FY2023. The new allocations bundle the medical assistance funding for contracts with Community Health Centers, preventative programs for substance use disorder and mental health, and the Healthy Youth Survey into a single percentage, 11%. The annual \$200,000 allocation for the WSIPP cost-benefit analysis remained the same, but added a cost-of-living adjustment, and the allocations to the SBHPT increased from 50% to 52%.

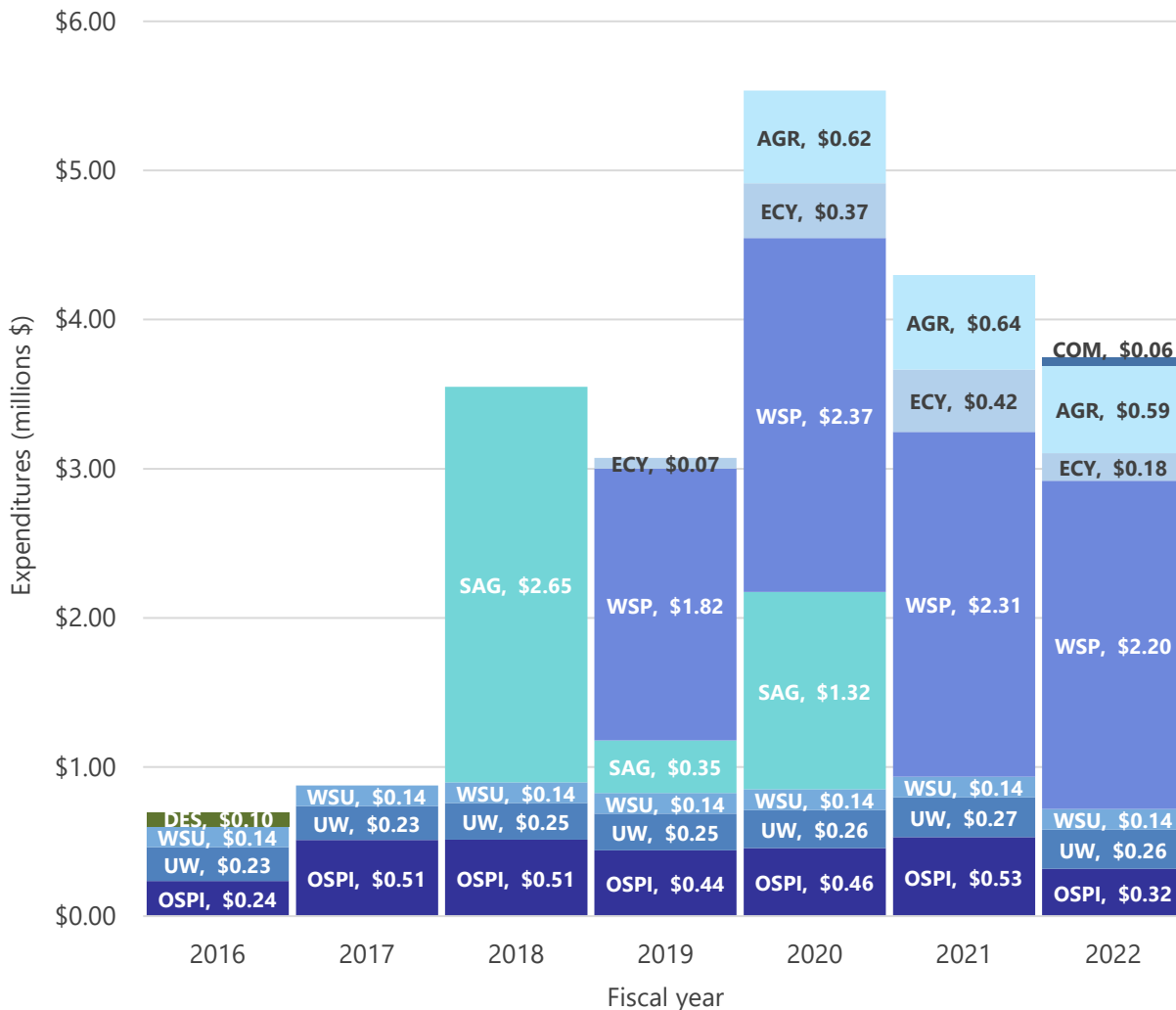
Exhibit 15 indicates that spending on OSPI's dropout prevention program and UW and WSU's research has remained consistent. The WSP began to receive expenditures in FY2019 for a drug enforcement task force. The purpose of the WSP task force was to work on dismantling the illicit cannabis trade, and in FY2020, WSP received additional funding regarding the case management system.

In FY2019, ECY received funds to build standards and establish cannabis testing laboratory accreditations. In FY2020 and FY2021, ECY received more funding to conduct cannabis product testing.

AGR expenditures are distributed to salaries and pesticide testing. The DES received funds for their part of the LCB's Marijuana Market Reforms in FY2016. COM began receiving funds for the social equity grants program in FY2022.

Exhibit 15

DCA Expenditures by Agency and Fiscal Years, Lowest Agency Expenditures



Notes:

This figure represents DCA expenditure data from OFM.
Funds from the SBHPT account are not included in the expenditures.

VI. Conclusion

Discussion

This report serves as an overview of cannabis-related legislation in Washington and a summary of sale, revenue, and expenditure data over the last decade since the passage of I-502.

All cannabis excise tax revenue goes into the DCA, and most of the DCA funds are transferred to the SBHPT (healthcare for children that require complex care) and the general fund, with a growing amount distributed to localities (CTC). As of 2022, about 7% of the DCA funds are spent on prevention, about 5% on other forms of healthcare, 3% are spent on industry oversight and support, and the remaining less than 1% is spent on research. Over the years, cannabis-related revenues and subsequent expenditures have grown significantly, with expenditures in FY2016 totaling \$181 million and expenditures in FY2022 totaling \$519 million.

It is important to note this report summarizes revenues and expenditures. It does *not* reflect the net impact of I-502 on the economy, and it does *not* reflect all the costs associated with the implementation of I-502. In addition, the expenditures we summarize do not necessarily reflect new government spending. For example, the general fund previously provided funding for HCA's contracts for community health centers but that funding is now provided by the DCA.

This report does not detail the impact of the COVID-19 pandemic on the cannabis industry, regulatory policy, or costs to governments and businesses. Furthermore, this report does not forecast expenditures impacted by the new allocations, which will go into effect in FY2023 (for more detail, see [Section III](#) and [Appendix III](#)).

Upcoming WSIPP I-502 Evaluation

Our subsequent outcome evaluation will be released in September 2023. This report will examine the relationship between non-medical cannabis legalization and retail sales and public health and safety outcomes in Washington. We will focus on outcomes related to the following:

- Reported adult and adolescent substance use,
- Substance use disorder and related mental health diagnoses,
- Healthcare use,
- Traffic safety, and
- Criminal justice outcomes.

Due to the major public health and safety impacts of the COVID-19 pandemic, our empirical evaluations will only examine changes in outcomes through 2019. In future work, we hope to examine how these outcomes have evolved over the subsequent years.



Appendices

A 10-Year Review of Non-Medical Cannabis Policy, Revenues, and Expenditures

Appendices

I. Select Cannabis Legislation Since I-502	25
II. Comparison of State Non-medical Cannabis Laws.....	27
III. Revised Allocations	31
IV. County Level Sales and Revenues	34

I. Select Cannabis Legislation Since I-502

The table below summarizes all legislative bills concerning cannabis sales, use, and allocation of funds from the dedicated cannabis account.

Exhibit A1

Select Cannabis Legislation Since I-502

Bill	Effective year	Summary
<u>2E2SHB 2136, Chapter 4, Laws of 2015</u>	FY2016	<u>Marijuana—Reforms—Taxation</u> Changed the taxation rate from 25% to 37%, added distributions to localities, directed DES to develop and adopt fire and building codes for cannabis facilities, and changed dollars distributed to minimums rather than maximums.
<u>SB 5121, Chapter 71, Laws of 2015</u>	FY2016	<u>Marijuana Research License</u> Established cannabis research licenses.
<u>HB 2000, Chapter 207, Laws of 2015</u>	FY2016	<u>Marijuana—State Agreements with Indian Tribes</u> Allowed the governor to enter into agreements with federally recognized Indian tribes in Washington concerning marijuana.
<u>2SSB 5052, Chapter 70, Laws of 2015, partial veto</u>	FY2017	<u>Cannabis Patient Protection Act</u> Implemented the medical & non-medical cannabis market merge, established medical cannabis endorsement, and reopened license applications prioritizing applicants for medical cannabis sales.
<u>SB 5130, Chapter 316, Laws of 2017</u>	FY2018	<u>Marijuana License Fees—Increase—Temporary Fee</u> Temporarily increased fee (\$480) for license applications and renewals to replace the traceability system.
<u>SSB 5883, Chapter 1, Laws of 2017, partial veto</u>	FY2018	<u>Operating Budget</u> <i>Special Appropriations to the Governor's Office</i> – Transferred funds from the DCA to the Health Professions Account for the DOH to build a marijuana authorization database.
<u>E2SHB 2334, Chapter 132, Laws of 2018</u>	FY2019	<u>Marijuana Products—Cannabinoid Additives</u> Allowed cannabis producers and processors to include cannabidiol (CBD) products as an additive.
<u>2ESHB 1388, Chapter 201, Laws of 2018</u>	FY2019	<u>Behavioral Health Authority—Transfer</u> All DSHS responsibilities entitled in RCW 69.50.540 were transferred to HCA.
<u>ESSB 6032, Chapter 299, Laws of 2018, partial veto</u>	FY2019	<u>Operating Budget—Supplemental</u> <i>Special Appropriations to the Governor</i> – Transferred funds from the DCA to the Health Professions Account for the DOH to build a marijuana authorization database. <i>WSP drug enforcement task force</i> – Appropriated funds from the DCA for WSP drug enforcement task force to dismantle the illicit cannabis market. <i>ECY marijuana product testing</i> – Appropriated funds from the DCA for ECY for research on accreditation for cannabis product testing laboratories.
<u>ESHB 1094, Chapter 203, Laws of 2019</u>	FY2020	<u>Medical Marijuana—Patient Renewal—Severe Hardship</u> Established compassionate care renewal for medical cannabis qualifying patients, i.e., allowing patients to use remote/telemedicine options to renew a registration if in-person would result in severe hardship.
<u>ESHB 1794, Chapter 380, Laws of 2019</u>	FY2020	<u>Agreements by Licensed Marijuana Business—Intellectual Property</u> Allowed intellectual property agreements and fees on cannabis products.

Bill	Effective year	Summary
<u>HB 2052,</u> <u>Chapter 277,</u> <u>Laws of 2019</u>	FY2020	<u>Marijuana Product Testing—Various Provisions</u> Specified purpose and type of product testing and gave ECY responsibility to create accreditation standards and charge fees for cannabis product testing. Established a cannabis science task force.
<u>ESSB 5318,</u> <u>Chapter 394,</u> <u>Laws of 2019</u>	FY2020	<u>Marijuana License—Compliance and Enforcement</u> Cannabis license compliance, education, and enforcement.
<u>ESHB 1109,</u> <u>Chapter 415,</u> <u>Laws of 2019,</u> <u>Partial veto</u>	FY2020	<u>Operating Budget—Supplemental</u> <i>Special Appropriations to the Governor</i> – Transferred funds from the DCA to the Health Professions Account for the DOH to build a marijuana authorization database. <i>ECY implementing product testing</i> – Appropriated funds from the DCA for ECY for implementing accreditation of marijuana product testing laboratories. <i>AGR laboratory analysis of pesticides</i> – Appropriated funds from the DCA for AGR for compliance-based testing for pesticides in cannabis products. <i>WSP drug enforcement task force</i> – Appropriated funds from the DCA for WSP drug enforcement task force to dismantle the illicit cannabis market and for a drug case management system.
<u>SHB 1415,</u> <u>Chapter 220,</u> <u>Laws of 2019</u>	FY2020	<u>Medical Marijuana Authorization Database—Funding</u> Changed the source for funding for the marijuana authorization database from the Health Professions Account to the DCA. Fees for the registrations are deposited in the DCA. Fines associated with any database mismanagement are still deposited into the Health Professions Account.
<u>SSB 6206,</u> <u>Chapter 154,</u> <u>Laws of 2020</u>	FY2021	<u>Marijuana Businesses—Certificate of Compliance</u> Licensed cannabis businesses are issued a certificate of compliance for display on operating premises.
<u>HB 2826,</u> <u>Chapter 133,</u> <u>Laws of 2020</u>	FY2021	<u>Marijuana Vapor Products—Liquor and Cannabis Board</u> Gave LCB authority to regulate cannabis vapor products.
<u>E2SHB 2870,</u> <u>Chapter 236,</u> <u>Laws of 2020</u>	FY2021	<u>Marijuana Retail Licenses—Social Equity Program</u> Reopened cannabis retail licenses for social equity purposes. Established the cannabis social equity grants program.
<u>ESHB 1443,</u> <u>Chapter 169,</u> <u>Laws of 2021</u>	FY2022	<u>Cannabis Industry—Social Equity</u> Provided an expiration date for social equity grant programs and established a roster of mentors for technical assistance.
<u>2SHB 1210,</u> <u>Chapter 16,</u> <u>Laws of 2022</u>	FY2023	<u>Replacing “Marijuana” with “Cannabis”</u> Replaced the term “marijuana” with “cannabis” throughout RCW.
<u>E2SSB 5796,</u> <u>Chapter 169,</u> <u>Laws of 2022</u>	FY2023	<u>Cannabis Revenue Appropriations—Modification</u> Revised and streamlined DCA appropriations and added cost of living adjustments (COLA) to some allocations.

II. Comparison of State Non-medical Cannabis Laws

The following tables summarize key features of non-medical cannabis legalization across different states, in chronological order of the legislation's effective date through February 2023.

Exhibit A2

Features of Non-medical Cannabis Laws, by State

State	Effective date of legal use and possession	Manner of legalization	Regulating agency	First recreational sales date	Possession	Non-medical home cultivation	Taxation
Washington	Dec 6, 2012	2012 Initiative 502	Liquor and Cannabis Board	Jul 1, 2014	Up to one ounce	Not permitted	37% excise tax (retail price)
Colorado	Nov 6, 2012	2012 Amendment 64	Marijuana Enforcement Division	Jan 1, 2014	Up to one ounce	Up to six plants per person	15% excise tax (wholesale price); 15% cannabis sales tax (retail price) in lieu of state/local sales tax
Alaska	Feb 24, 2015	2014 Ballot Measure 2	Alcohol and Marijuana Control Office	Oct 29, 2016	Up to one ounce	Up to six plants per person	\$50 per ounce mature flowers (wholesale); \$25 per ounce immature flowers (wholesale); \$15 per ounce trim (\$1 per clone) (wholesale)
District of Columbia	Feb 26, 2015	2014 Initiative 71	Alcoholic Beverage regulation Administration	N/A	Up to two ounces	Up to six plants per person	N/A
Oregon	Jul 1, 2015	2014 Measure 91	Liquor and Cannabis Commission	Oct 1, 2016	Up to two ounces	Up to four plants per residence	17% excise tax (retail price), +3% in some cities
California	Nov 8, 2016	2016 Proposition 64	Department of Cannabis Control	Jan 1, 2018	Up to one ounce	Up to six plants per person	15% excise tax (retail, based on average market price)
Massachusetts	Dec 15, 2016	2016 Question 4	Cannabis Control Commission	Nov 20, 2018	Up to one ounce	Up to six plants per person, 12 plants per household	10.75% excise tax (retail price), +3% in some cities

Notes:

Possession commonly refers to the maximum amount a person may possess in a public space. States frequently allow for more to be stored at home.

Plant limits are usually a mixture of mature (flowering) and immature (non-flowering and small) cannabis plants.

Exhibit A2 (cont.)

Features of Non-medical Cannabis Laws by State

State	Effective date of legal use and possession	Manner of legalization	Regulating agency	First recreational sales date	Possession	Non-medical home cultivation	Taxation
Nevada	Jan 1, 2017	2016 Question 2	Cannabis Compliance Board	Jul 1, 2017	Up to one ounce	Up to six plants per person (must live 25 at least miles away from a licensed dispensary)	15% excise tax (fair market value at wholesale); 10% excise tax (retail price)
Maine	Jan 30, 2017	2016 Question 1	Office of Cannabis Policy	Oct 1, 2020	Up to 2.5 ounces	Up to 15 plants per person	10% sales tax (retail price); \$335 per pound flower (wholesale); \$94 per pound trim (wholesale); \$1.5 per immature plant or seedling/%35 per mature plant (wholesale); \$0.3 per seed (wholesale)
Vermont	Jul 1, 2018	2018 H.511*	Cannabis Control Board	Oct 1, 2022	Up to one ounce	Up to nine plants per person	14% excise tax (retail price)
Michigan	Dec 6, 2018	2018 Proposal 18-1	Cannabis Regulatory Agency	Dec 1, 2019	Up to 2.5 ounces	Up to 12 plants per person	10% excise tax (retail price)
Illinois	Jan 1, 2020	2019 Cannabis Regulation and Tax Act*	Division of Professional Regulation in the Department of Financial and Professional Regulation	Jan 1, 2020	Up to 30 grams (1.06 ounces)	Not permitted	7% excise tax of value at wholesale level, other local taxes may apply to cannabis businesses; 10% tax on cannabis flower or products with less than 35% THC; 20% tax on products infused with cannabis; 25% on products with a THC concentration higher than 35% THC
Arizona	Nov 30, 2020	2020 Proposition 207	Department of Health Services - Division of Public Health Licensing Services	Jan 22, 2021	Up to one ounce	Up to six plants per person, 12 plants per household	16% excise tax (retail price)

Notes:

*Non-medical cannabis use and possession legalized through acts of the legislature rather than through votes of the electorate.

Possession commonly refers to the maximum amount a person may possess in a public space. States frequently allow for more to be stored at home.

Plant limits are usually a mixture of mature (flowering) and immature (non-flowering and small) cannabis plants.

Exhibit A2 (cont.)

Features of Non-medical Cannabis Laws by State

State	Effective date of legal use and possession	Manner of legalization	Regulating agency	First recreational sales date	Possession	Non-medical home cultivation	Taxation
Montana	Jan 1, 2021	2020 Initiative 190	Department of Revenue	Jan 1, 2022	Up to one ounce	Up to four plants per person	20% excise tax (retail price), +3% in some counties
New Jersey	Mar 25, 2021	2020 Public Question 1	Cannabis Regulatory Commission	Apr 21, 2022	Up to one ounce	Not permitted	Social Equity Excise Fee for transactions between cannabis establishments. This is 1/3 of 1% of the statewide average retail price of one ounce of usable cannabis. In January 2023, this rate was \$1.52 per ounce. Retail consumers are not directly taxed.
New York	Mar 31, 2021	2021 Marihuana Regulation and Taxation Act*	State Office of Cannabis Management	Dec 29, 2022	Up to three ounces	Up to three plants per person (in effect June 29, 2024)	\$0.005 per milligram of THC in flower; \$0.008 per milligram of THC in concentrates; \$0.03 per milligram of THC in edibles; 13% cannabis sales tax (retail price) in lieu of state/local sales tax
New Mexico	Jun 29, 2021	2021 Cannabis Regulation Act*	Cannabis Control Division of the Regulation and Licensing Department	Apr 1, 2022	Up to two ounces	Up to six plants per person	12% excise tax (retail price)
Virginia	Jul 1, 2021	2021 HB2312/SB1406*	Cannabis Control Authority	TBD	Up to one ounce	Up to four plants per household	21% excise tax (retail price)
Connecticut	Jul 1, 2021	2021 SB 2101*	Department of Consumer Protection	Jan 10, 2023	Up to 1.5 ounces	Up to six plants per person (in effect 18 July 1, 2023)	\$0.00625 per milligram of THC in plant materials; \$0.0275 per milligram of THC in edibles; \$0.009 per milligram of THC in other products; (retail price)
Rhode Island	May 25, 2022	The Rhode Island Cannabis Act*	Office of Cannabis Regulation in the Department of Business Regulation	Dec 1, 2022	Up to one ounce	Up to six plants per person	10% excise tax (retail price)

Notes:

* Non-medical cannabis use and possession legalized through acts of the legislature rather than through votes of the electorate.

Possession commonly refers to the maximum amount a person may possess in a public space. States frequently allow for more to be stored at home.

Plant limits are usually a mixture of mature (flowering) and immature (non-flowering and small) cannabis plants.

Exhibit A2 (cont.)

Features of Non-medical Cannabis Laws by State

State	Effective date of legal use and possession	Manner of legalization	Regulating agency	First recreational sales date	Possession	Non-medical home cultivation	Taxation
Missouri	Dec 8, 2022	2022 Amendment 3	Section for Medical Marijuana Regulation in the Department of Health and Senior Services	Feb 3, 2023	Up to three ounces	Up to eighteen plants per person	6% excise tax (retail price)
Maryland	Jul 1, 2023	2022 Question 4	Medical Cannabis Commission	TBD	Up to 1.5 ounces	Up to two plants per person	TBD

Notes:

Possession commonly refers to the maximum amount a person may possess in a public space. States frequently allow for more to be stored at home.

Plant limits are usually a mixture of mature (flowering) and immature (non-flowering and small) cannabis plants.

III. Revised Allocations

The following table outlines the new allocations for the funds in the dedicated cannabis account resulting from legislative changes in the 2022 session. The first nine rows are specific dollar amounts that will be adjusted each year based on the consumer price index. The following four rows are specific dollar amounts that will *not* be adjusted each year, and the remaining rows are percentage allocations after the above dollars have been appropriated. [Exhibit A4](#) explains how the local distributions to cities, towns, and counties work with the revised allocations.

Exhibit A3

Revised Requirements for DCA Allocations, Effective FY2023

Requirement	Agency	Annual funding
Specific annual allocations that will be adjusted annually based on the consumer price index		
Administrating I-502 and regulation & enforcement of retail cannabis sales	Liquor & Cannabis Board	\$12,500,000
Marijuana education & public health program, including a hotline, community-based prevention grants, media campaigns, and Washington Poison Center	Department of Health	\$11,000,000
Fund cannabis Social Equity Grants under RCW 43.330.540	Department of Commerce	\$3,000,000
Fund technical assistance through roster or mentors under RCW 43.330.540	Department of Commerce	\$200,000
WSIPP benefit-cost evaluation of I-502	Health Care Authority*	\$200,000
Web-based public education materials about marijuana	University of Washington —Alcohol & Drug Abuse Institute	\$25,000
Research on short- & long-term effects of marijuana use, including methods for estimating intoxication & impairment	University of Washington	\$300,000
Research on short- & long-term effects of marijuana use, including methods for estimating intoxication & impairment	Washington State University	\$175,000
Fund grants to building bridges programs (dropout prevention for at-risk students)	Office of the Superintendent of Public Instruction	\$550,000
Specific allocations for a specific number of fiscal years		
Drug Enforcement Task Force	Washington State Patrol	FY22 - \$2,423,000 FY23 - \$2,423,000
Implementation and accreditation of cannabis product testing laboratories	Department of Ecology	FY22 - \$270,000 FY23 - \$290,000
Administration of the Cannabis Authorization Database	Department of Health	FY20 - \$800,000 FY21 - \$800,000 FY22 - \$800,000 FY23 - \$800,000
Compliance-based laboratory analysis of pesticides in cannabis	Department of Agriculture	FY22 - \$621,000 FY23 - \$635,000

Exhibit A3 (cont.)

Revised Requirements for DCA Allocations, Effective FY2023

Requirement	Agency	Annual funding
Percentage distributions (after distributions with fixed amounts, percentages apply to the remaining DCA balance)		
Washington Basic Health Plan administrator and used as provided under RCW 70.47	State Basic Health Plan Trust Account	52%
Healthy Youth Survey: Administration, data analysis, and reporting; may be used for expansion of survey to college students	Health Care Authority	11%
Programs & practices aimed at prevention/reduction of maladaptive substance use, disorder, and dependence		
Contracts with Community Health centers to provide services as provided under RWC 41.05.220		
Allocations based on proportional revenues from physical location of cannabis retailers	Counties, Cities, and Towns	1.5%
Allocations based on per capita, 60% to counties	Counties, Cities, and Towns	3.5%
General fund	General Fund	32%

Notes:

Funding is annual unless otherwise specified. Amounts are adjusted annually based on the United States bureau of labor statistics' consumer price index for the Seattle area.

*These funds are for HCA to contract with WSIPP for the 20-year cost-benefit evaluation.

[RCW 70.47](#) previously funded the Basic Health Plan, which was discontinued with Apple Health and the expansion of Medicaid under the [Affordable Care Act](#). These funds are now used to offset HCA costs associated with H1261: Categorically Needy Children in Managed Care.

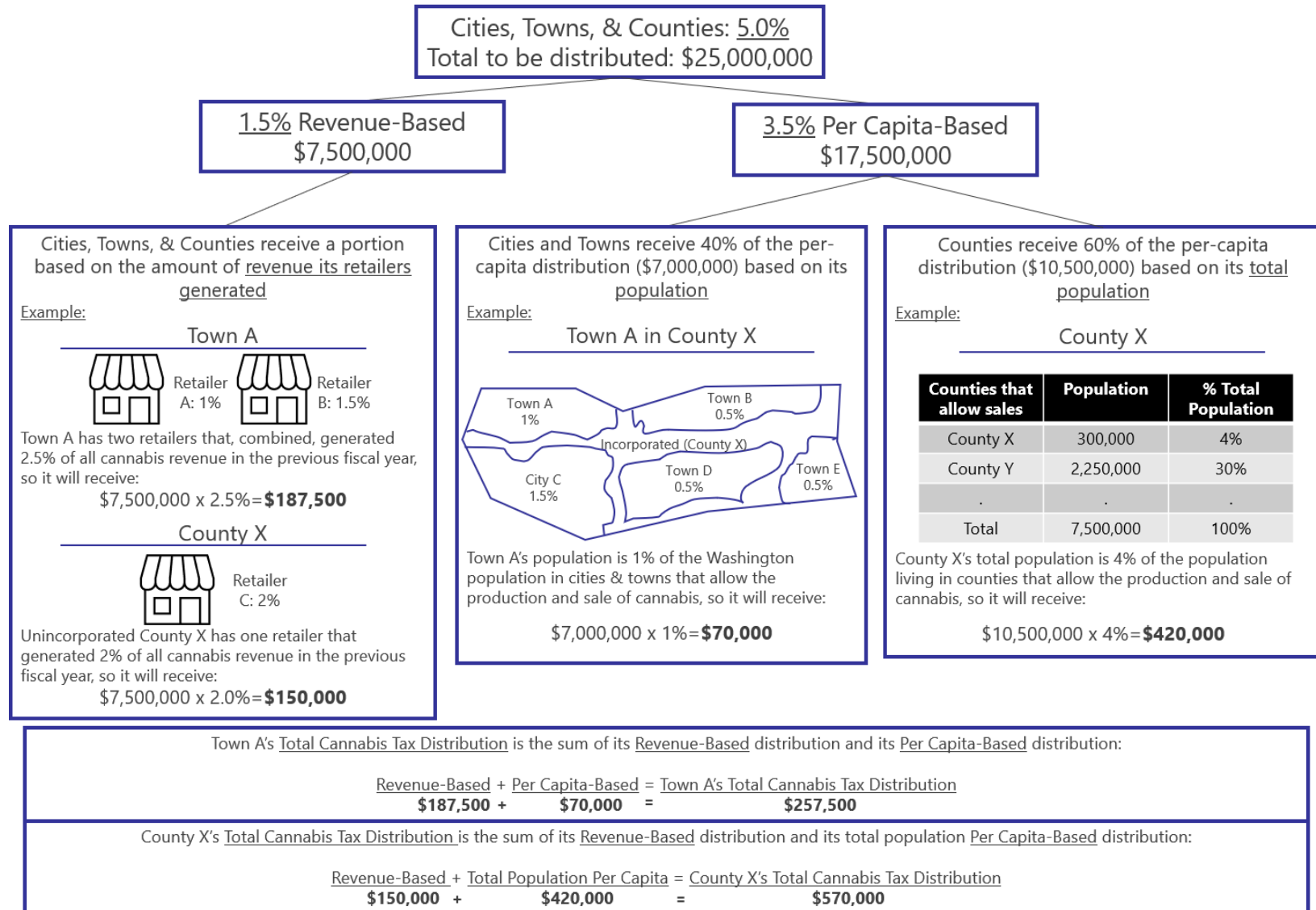
[RCW 41.05.220](#) requires that HCA spend these grant dollars on primary health and dental care services, migrant health services, and maternity health care services.

[RCW 43.330.540](#) implemented the cannabis social equity technical assistance grant program.

Allocations based on proportional revenue from physical location of cannabis retailers are distributed entirely to the town or city the cannabis retailer is located. For allocations based on per capita, 60% is distributed to counties based on total county population, then 40% is distributed based on per capita in cities, towns, or counties.

Exhibit A4

An Example of DCA Fund Distributions to Cities, Towns, & Counties



IV. Comparison of State Non-medical Cannabis County Level Sales and Revenues

The following tables summarize calculations of annual retailer sales and retail excise tax revenue generated from each county and fiscal year and the corresponding retailer sales and retail excise tax revenue *per capita* by county and fiscal year. Population figures are from OFM's decennial census and intercensal estimates by year and county. Per capita estimates were calculated by dividing a county's total revenue or sales by the previous calendar year's population.⁵²

Exhibit A5

Annual Retail Sales and Sales per Capita by County (FY2015-FY2022)

County	Average population CY2014- CY2021	Total sales (\$), sales per capita (\$)															
		FY2015		FY2016		FY2017		FY2018		FY2019		FY2020		FY2021		FY2022	
		Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC
Washington State total	7,401,915	179,631,082	26	501,973,814	71	850,935,821	118	972,527,246	132	1,047,288,100	140	1,266,224,177	167	1,497,078,869	194	1,376,399,664	177
Adams	20,065	0	0	0	0	1,092,331	56	1,796,584	90	1,692,556	84	1,977,020	97	2,339,902	114	2,004,027	96
Asotin	22,101	78,390	4	2,390,504	109	7,901,349	359	9,465,278	429	10,262,650	464	12,728,753	574	15,346,369	689	14,165,354	630
Benton	197,569	2,840,372	15	4,970,194	26	14,867,438	78	18,916,447	97	23,849,226	120	34,041,682	168	39,562,883	191	39,960,616	191
Chelan	76,958	1,392,079	19	4,801,762	64	7,449,553	99	8,904,570	117	9,277,337	120	11,370,946	146	14,819,623	187	14,002,373	175
Clallam	75,310	1,400,405	19	5,217,200	71	10,671,709	144	12,009,577	160	12,725,776	169	14,929,603	195	17,215,590	223	15,545,167	200
Clark	477,424	24,732,262	56	46,119,692	102	56,832,141	123	64,109,052	136	62,579,884	130	74,271,983	151	93,267,620	185	83,897,809	164
Columbia	3,977	0	0	0	0	0	0	244,598	61	750,590	189	825,910	208	1,029,602	261	918,754	233
Cowlitz	107,495	4,583,662	44	9,996,138	95	14,851,660	141	16,211,401	152	16,040,674	149	19,807,216	181	25,168,838	227	24,571,224	220
Douglas	41,419	1,513,797	38	1,697,135	42	2,522,689	62	2,877,573	70	4,032,368	97	5,275,382	125	5,694,398	133	5,147,580	118

Notes:

Estimates were created using LCB's annual sales data and OFM's intercensal population estimates.

PC = Per capita.

⁵² For example: $2022 \text{ Sales Per Capita} = \frac{\text{FY2022 Annual Retail Sales}}{\text{CY2021 Population}}$

Estimates for the CY2014-CY2020 population are from OFM's April 1 intercensal estimates of population (state and county only).

Office of Financial Management. (2022). *Historical estimates of April 1 population and housing for the state, counties, and cities*. [Intercensal estimates].

Estimates for the CY2021 county populations are from OFM's April 1, 2022, population estimates used for the allocation of state revenues.

Office of Financial Management. (2022). *April 1 official population estimates*. [April 01, 2022 population estimates].

Exhibit A5 (cont.)

Annual Retail Sales and Sales per Capita by County (FY2015-FY2022)

County	Average population CY2014- CY2021	Total sales (\$), sales per capita (\$)															
		FY2015		FY2016		FY2017		FY2018		FY2019		FY2020		FY2021		FY2022	
		Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC
Ferry	7,279	0	0	417,800	57	746,938	102	773,055	106	846,826	117	980,659	136	1,376,696	192	1,391,977	192
Franklin	91,826	0	0	123,213	1	0	0	0	0	0	0	0	0	0	0	0	0
Garfield	2,274	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grant	95,772	1,325,700	14	3,715,477	40	7,815,680	84	9,850,623	104	10,675,673	111	13,215,345	135	16,102,517	162	14,831,813	147
Grays Harbor	74,473	980,429	13	6,323,625	86	11,364,875	154	12,364,393	167	13,381,899	180	16,640,880	221	21,013,137	278	18,398,900	242
Island	84,282	1,185,035	15	5,730,021	70	8,662,919	105	10,159,182	121	10,370,083	122	12,101,600	141	14,035,465	162	12,995,595	149
Jefferson	32,129	1,530,906	49	3,166,035	101	5,042,387	159	5,311,379	166	5,651,310	175	6,224,218	190	7,040,955	214	6,251,373	189
King	2,165,477	48,166,436	24	151,410,618	73	248,889,512	117	278,230,825	129	297,793,724	136	340,530,207	153	382,747,869	169	356,142,216	156
Kitsap	267,335	4,936,097	19	17,676,959	68	29,272,602	111	33,347,338	126	34,729,213	129	41,439,060	152	49,040,678	178	45,681,134	164
Kittitas	44,115	1,374,420	33	3,916,745	92	6,225,580	144	7,210,161	164	7,514,074	169	8,825,951	195	10,236,113	220	9,519,911	211
Klickitat	21,976	1,351,236	64	2,201,608	104	2,979,215	139	2,732,131	125	2,313,803	105	2,659,600	119	2,735,449	120	2,416,791	105
Lewis	79,982	208,480	3	2,046,272	26	4,825,869	61	5,452,367	69	6,334,296	79	7,750,205	96	9,503,534	116	8,822,255	107
Lincoln	10,738	0	0	0	0	0	0	117,415	11	559,486	52	925,404	85	1,366,879	126	1,391,684	128
Mason	64,143	365,731	6	3,845,385	61	6,270,823	99	6,885,436	108	8,082,453	125	10,932,550	168	14,650,075	223	14,040,035	214
Okanogan	41,898	617,733	15	1,802,025	43	2,632,378	63	4,204,854	101	5,312,241	127	7,009,515	167	8,696,817	207	7,891,403	186
Pacific	22,619	348,064	16	843,072	38	2,573,711	116	3,665,381	163	3,433,077	151	3,945,568	172	5,027,573	215	4,989,181	213
Pend Oreille	13,271	0	0	0	0	157,379	12	343,159	26	347,593	26	479,152	36	730,473	55	1,164,932	86
Pierce	883,763	16,424,909	20	49,237,907	58	99,075,947	115	111,533,877	127	126,844,279	142	159,543,356	176	190,225,446	207	167,926,646	181
San Juan	17,129	251,106	15	657,733	40	897,163	53	2,165,797	128	2,436,654	142	3,061,662	175	3,833,959	216	3,588,447	201

Notes:

Estimates were created using LCB's annual sales data and OFM's intercensal population estimates.

PC = Per capita.

Exhibit A5 (cont.)

Annual Retail Sales and Sales per Capita by County (FY2015-FY2022)

County	Average population CY2014- CY2021	Total sales (\$), sales per capita (\$)															
		FY2015		FY2016		FY2017		FY2018		FY2019		FY2020		FY2021		FY2022	
		Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC
Skagit	125,126	4,403,722	37	10,921,346	90	17,540,598	143	20,354,656	165	21,159,141	168	24,773,370	193	29,117,251	225	26,537,551	204
Skamania	11,409	351,594	31	989,665	88	991,288	88	1,143,193	101	1,049,461	92	1,226,578	107	1,265,369	109	1,375,427	117
Snohomish	793,626	17,451,823	23	49,863,558	66	89,212,244	115	103,832,873	132	110,939,687	138	134,134,490	165	156,772,985	189	142,704,810	170
Spokane	516,912	22,100,477	45	57,661,699	116	90,577,805	180	100,699,410	197	108,029,575	207	135,017,336	254	163,765,200	304	151,694,469	280
Stevens	45,520	996,258	22	1,979,308	44	2,639,589	59	3,109,361	69	3,927,298	86	5,755,211	125	7,862,880	169	7,678,768	164
Thurston	282,934	5,887,902	22	19,392,493	71	40,107,299	145	47,040,923	168	49,741,346	174	62,866,940	217	76,482,987	259	68,219,982	229
Wahkiakum	4,275	0	0	0	0	0	0	202,442	48	407,300	95	735,709	168	658,043	149	604,751	135
Walla Walla	61,554	0	0	3,132,660	51	6,285,721	103	7,026,470	114	8,129,662	132	9,411,432	152	11,055,653	177	10,330,449	166
Whatcom	217,996	8,005,488	38	17,327,386	82	28,427,419	134	31,729,618	147	34,202,979	155	40,387,900	180	47,583,818	210	43,790,264	194
Whitman	46,680	2,017,669	44	5,284,628	114	7,937,885	170	9,220,055	196	9,880,618	209	11,618,425	243	13,206,281	275	12,684,766	284
Yakima	253,087	2,808,902	11	7,113,948	29	13,594,126	54	19,285,793	76	21,983,288	87	28,803,355	113	36,499,942	142	33,121,229	128

Notes:

Estimates were created using LCB's annual sales data and OFM's intercensal population estimates.

PC = Per capita.

Exhibit A6

Annual Retail Excise Tax Revenue and Revenue per Capita by County (FY2015-FY2022)

County	Average population CY2014- CY2021	Annual retail excise tax revenue (\$), revenue per capita (\$)															
		FY2015		FY2016		FY2017		FY2018		FY2019		FY2020		FY2021		FY2022	
		Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC
Washington State total	7,401,915	44,907,771	6	185,730,311	26	314,846,254	44	359,835,081	49	387,496,597	52	468,502,946	62	553,944,173	72	509,354,815	66
Adams	20,065	0	0	0	0	404,162	21	664,736	33	626,246	31	731,497	36	865,764	42	741,490	35
Asotin	22,101	19,597	1	884,487	40	2,923,499	133	3,502,153	159	3,797,181	172	4,709,639	212	5,678,614	255	5,241,326	233
Benton	197,569	710,093	4	1,838,972	10	5,500,952	29	6,999,085	36	8,824,214	44	12,595,422	62	14,638,301	71	14,785,443	71
Chelan	76,958	348,020	5	1,776,652	24	2,756,335	37	3,294,691	43	3,432,615	44	4,207,250	54	5,483,266	69	5,180,880	65
Clallam	75,310	350,101	5	1,930,364	26	3,948,532	53	4,443,544	59	4,708,537	62	5,523,953	72	6,369,927	83	5,751,716	74
Clark	477,424	6,183,065	14	17,064,286	38	21,027,892	46	23,720,349	50	23,154,557	48	27,480,634	56	34,513,182	69	31,044,099	61
Columbia	3,977	0	0	0	0	0	0	90,501	23	277,718	70	305,587	77	380,953	96	339,939	86
Cowlitz	107,495	1,145,915	11	3,698,571	35	5,495,114	52	5,998,218	56	5,935,049	55	7,328,670	67	9,312,495	84	9,091,403	82
Douglas	41,419	378,449	10	627,940	16	933,395	23	1,064,702	26	1,491,976	36	1,951,891	46	2,106,927	49	1,904,605	44
Ferry	7,279	0	0	154,586	21	276,367	38	286,030	39	313,326	43	362,844	50	509,377	71	515,031	71
Franklin	91,826	0	0	45,589	1	0	0	0	0	0	0	0	0	0	0	0	0
Garfield	2,274	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grant	95,772	331,425	4	1,374,727	15	2,891,802	31	3,644,730	39	3,949,999	41	4,889,678	50	5,965,240	60	5,565,252	55
Grays Harbor	74,473	245,107	3	2,339,741	32	4,205,004	57	4,574,825	62	4,951,302	67	6,157,126	82	7,774,922	103	6,807,601	90
Island	84,282	296,259	4	2,120,108	26	3,205,280	39	3,758,897	45	3,836,931	45	4,477,592	52	5,193,201	60	4,808,470	55
Jefferson	32,129	382,726	12	1,171,433	37	1,865,683	59	1,965,210	61	2,090,985	65	2,302,961	70	2,605,153	79	2,313,021	70
King	2,165,477	12,041,609	6	56,021,929	27	92,089,119	43	102,945,405	48	110,183,678	50	125,996,177	57	141,624,688	62	131,778,384	58
Kitsap	267,335	1,234,024	5	6,540,475	25	10,830,863	41	12,338,515	47	12,849,809	48	15,332,452	56	18,145,054	66	16,902,026	61
Kittitas	44,115	343,605	8	1,449,196	34	2,303,465	53	2,667,760	61	2,780,208	63	3,265,602	72	3,789,607	82	3,522,367	78
Klickitat	21,976	337,809	16	814,595	38	1,102,310	51	1,010,888	46	856,107	39	984,052	44	1,012,141	45	894,228	39

Notes:

Estimates were created using LCB's annual revenue data and OFM's intercensal population estimates.

PC = Per capita.

Exhibit A6 (cont.)

Annual Retail Excise Tax Revenue and Revenue per Capita by County (FY2015-FY2022)

County	Average population CY2014- CY2021	Annual retail excise tax revenue (\$), revenue per capita (\$)															
		FY2015		FY2016		FY2017		FY2018		FY2019		FY2020		FY2021		FY2022	
		Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC	Total \$	PC
Lewis	79,982	52,120	1	757,121	10	1,785,572	23	2,017,376	25	2,343,690	29	2,867,576	35	3,516,328	43	3,264,288	39
Lincoln	10,738	0	0	0	0	0	0	43,444	4	207,010	19	342,400	32	505,745	47	514,923	47
Mason	64,143	91,433	1	1,422,792	23	2,320,205	37	2,547,612	40	2,990,508	46	4,045,044	62	5,420,528	82	5,194,813	79
Okanogan	41,898	154,433	4	666,749	16	973,980	23	1,555,796	37	1,965,529	47	2,593,520	62	3,217,827	76	2,919,822	69
Pacific	22,619	87,016	4	311,937	14	952,273	43	1,356,191	60	1,270,238	56	1,459,860	64	1,860,202	80	1,845,997	79
Pend Oreille	13,271	0	0	0	0	58,230	4	126,969	10	128,609	10	177,286	13	270,275	20	431,025	32
Pierce	883,763	4,106,227	5	18,218,025	22	36,658,100	42	41,267,535	47	46,932,383	53	59,031,042	65	70,383,415	76	62,133,054	67
San Juan	17,129	62,777	4	243,361	15	331,950	20	801,345	47	901,562	52	1,132,815	65	1,418,577	80	1,327,728	74
Skagit	125,126	1,100,930	9	4,040,898	33	6,490,021	53	7,531,223	61	7,828,882	62	9,166,147	72	10,773,394	83	9,818,894	76
Skamania	11,409	87,899	8	366,176	33	366,777	33	422,981	37	388,301	34	453,834	39	468,192	40	508,908	43
Snohomish	793,626	4,362,956	6	18,449,517	24	33,008,530	43	38,418,163	49	41,047,684	51	49,629,761	61	58,006,330	70	52,801,164	63
Spokane	516,912	5,525,119	11	21,334,829	43	33,513,788	67	37,258,782	73	39,970,943	77	49,956,414	94	60,594,555	112	56,127,392	104
Stevens	45,520	249,064	6	732,344	16	976,648	22	1,150,464	25	1,453,100	32	2,129,428	46	2,909,266	63	2,841,144	61
Thurston	282,934	1,471,975	6	7,175,222	26	14,839,701	54	17,405,142	62	18,404,298	64	23,260,768	80	28,299,157	96	25,241,443	85
Wahkiakum	4,275	0	0	0	0	0	0	74,904	18	150,701	35	272,212	62	243,476	55	223,758	50
Walla Walla	61,554	0	0	1,159,084	19	2,325,717	38	2,599,794	42	3,007,975	49	3,482,230	56	4,090,669	65	3,822,364	62
Whatcom	217,996	2,001,372	10	6,411,133	31	10,518,145	49	11,739,959	54	12,655,102	58	14,943,523	67	17,606,115	78	16,202,535	72
Whitman	46,680	504,417	11	1,955,312	42	2,937,018	63	3,411,420	73	3,655,829	77	4,298,817	90	4,886,330	102	4,693,363	105
Yakima	253,087	702,226	3	2,632,161	11	5,029,827	20	7,135,743	28	8,133,816	32	10,657,241	42	13,504,979	53	12,254,918	47

Notes:

Estimates were created using LCB's annual revenue data and OFM's intercensal population estimates.

PC = Per capita.

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