

ASSEMBLY – SUPPORT SB 829 (WIENER)

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TAX EXEMPTION FOR COMPASSIONATE DONATIONS

SB 829 (Wiener) would exempt compassionate care programs from paying the excise and cultivation taxes on the cannabis they give away to compassionate use patients, allowing them to resume providing this service without the prohibitive cost.

BACKGROUND AND NEED FOR THE BILL

In 1996, California passed Proposition 215, which allows individuals with certain chronic medical conditions access to medical cannabis. Following the enactment of Proposition 215, not-for-profit compassionate care programs emerged to meet the medical cannabis needs of qualifying financially disadvantaged individuals. These patients are individuals who have been recommended medical cannabis for illnesses such as cancer, HIV/AIDS, glaucoma, and other life-threatening conditions. Compassionate care programs provide these patients, free of charge, with the medical cannabis they need to manage their symptoms. Numerous compassionate care programs have operated within this regulatory framework for nearly 20 years.

With the enactment of Proposition 64, new taxes were put in place for all recreational and medical cannabis. One of these is a cultivation tax, which taxes all harvested cannabis that enters the commercial market. While compassionate care programs do not operate in the commercial market, since no cannabis is bought or sold, ambiguous drafting does not explicitly exclude them from this cultivation tax or the state excise tax. Due to this, compassionate care programs have been forced to pay an exorbitant amount of taxes on medical cannabis that they do not buy or sell, and several have been forced to close down their programs.

Unfortunately, the individuals who rely on these donation-based programs have lost access to their medicine. Many are veterans, seniors or terminally ill patients who often incur exorbitant medical expenses, leaving them unable to afford the medicinal cannabis that they need to manage their symptoms. These compassionate programs are essential to the well-being, mental health, and overall quality of life for chronically-ill patients during an extremely stressful and uncertain time in their life.

SOLUTION

SB 829 would exempt qualifying compassionate care programs from state cultivation and excise taxes by creating a non-commercial license for them. Once a compassionate care program is certified by the Bureau of Cannabis Control, they would receive their non-commercial license, which would allow them to donate cannabis without having to pay the cultivation tax.

CALIFORNIA CITIZEN LOBBY DAY 2018

Constituent Comments

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