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HOUSE BILL 1589

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State of Washington

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1991 Regular Session

By Representatives H. Sommers, Neher, Wang, Schmidt, Brough, Heavey, R. Johnson, Broback, Paris, Riley, Miller, Phillips, Orr and O'Brien; by request of Office of Financial Management.

Read first time February 4, 1991. Referred to Committee on Judiciary\Capital Facilities & Financing.

1 AN ACT Relating to the funding of common school construction and  
2 modernization; amending RCW 66.24.210, 66.24.290, 82.08.150, and  
3 82.24.020; adding a new section to chapter 28A.525 RCW; creating a new  
4 section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The purpose of this act is to provide  
7 additional funding needed to meet the future demand for common school  
8 construction and modernization.

9 **Sec. 2.** RCW 66.24.210 and 1989 c 271 s 501 are each amended to  
10 read as follows:

11 (1) There is hereby imposed upon all wines sold to wine wholesalers  
12 and the Washington state liquor control board, within the state a tax  
13 at the rate of twenty and one-fourth cents per liter: PROVIDED,  
14 HOWEVER, That wine sold or shipped in bulk from one winery to another

1 winery shall not be subject to such tax. The tax provided for in this  
2 section may, if so prescribed by the board, be collected by means of  
3 stamps to be furnished by the board, or by direct payments based on  
4 wine purchased by wine wholesalers. Every person purchasing wine under  
5 the provisions of this section shall on or before the twentieth day of  
6 each month report to the board all purchases during the preceding  
7 calendar month in such manner and upon such forms as may be prescribed  
8 by the board, and with such report shall pay the tax due from the  
9 purchases covered by such report unless the same has previously been  
10 paid. Any such purchaser of wine whose applicable tax payment is not  
11 postmarked by the twentieth day following the month of purchase will be  
12 assessed a penalty at the rate of two percent a month or fraction  
13 thereof. If this tax be collected by means of stamps, every such  
14 person shall procure from the board revenue stamps representing the tax  
15 in such form as the board shall prescribe and shall affix the same to  
16 the package or container in such manner and in such denomination as  
17 required by the board and shall cancel the same prior to the delivery  
18 of the package or container containing the wine to the purchaser. If  
19 the tax is not collected by means of stamps, the board may require that  
20 every such person shall execute to and file with the board a bond to be  
21 approved by the board, in such amount as the board may fix, securing  
22 the payment of the tax. If any such person fails to pay the tax when  
23 due, the board may forthwith suspend or cancel the license until all  
24 taxes are paid.

25 (2) An additional tax is imposed equal to the rate specified in RCW  
26 82.02.030 multiplied by the tax payable under subsection (1) of this  
27 section. All revenues collected during any month from this additional  
28 tax shall be transferred to the state general fund by the twenty-fifth  
29 day of the following month.

1 (3) An additional tax is imposed on wines subject to tax under  
2 subsection (1) of this section, at the rate of one-fourth of one cent  
3 per liter for wine sold after June 30, 1987. Such additional tax shall  
4 cease to be imposed on July 1, 1993. All revenues collected under this  
5 subsection (3) shall be disbursed quarterly to the Washington wine  
6 commission for use in carrying out the purposes of chapter 15.88 RCW.

7 (4) (~~Until July 1, 1995,~~) An additional tax is imposed on all  
8 wine subject to tax under subsection (1) of this section. The  
9 additional tax is equal to twenty-three and forty-four one-hundredths  
10 cents per liter on wine containing alcohol in an amount equal to or  
11 more than fourteen percent by volume when bottled or packaged by the  
12 manufacturer and one cent per liter on all other wine. Until July 1,  
13 1995, all revenues collected during any month from this additional tax  
14 shall be deposited in the drug enforcement and education account under  
15 RCW 69.50.520 by the twenty-fifth day of the following month. As of  
16 July 1, 1995, all revenues collected during any month from this  
17 additional tax shall be deposited in the common school building account  
18 established in section 6 of this act by the twenty-fifth day of the  
19 following month.

20 **Sec. 3.** RCW 66.24.290 and 1989 c 271 s 502 are each amended to  
21 read as follows:

22 (1) Any brewer or beer wholesaler licensed under this title may  
23 sell and deliver beer to holders of authorized licenses direct, but to  
24 no other person, other than the board; and every such brewer or beer  
25 wholesaler shall report all sales to the board monthly, pursuant to the  
26 regulations, and shall pay to the board as an added tax for the  
27 privilege of manufacturing and selling the beer within the state a tax  
28 of two dollars and sixty cents per barrel of thirty-one gallons on  
29 sales to licensees within the state and on sales to licensees within

1 the state of bottled and canned beer shall pay a tax computed in  
2 gallons at the rate of two dollars and sixty cents per barrel of  
3 thirty-one gallons. Any brewer or beer wholesaler whose applicable tax  
4 payment is not postmarked by the twentieth day following the month of  
5 sale will be assessed a penalty at the rate of two percent per month or  
6 fraction thereof. Each such brewer or wholesaler shall procure from  
7 the board revenue stamps representing such tax in form prescribed by  
8 the board and shall affix the same to the barrel or package in such  
9 manner and in such denominations as required by the board, and shall  
10 cancel the same prior to commencing delivery from his place of business  
11 or warehouse of such barrels or packages. Beer shall be sold by brewers  
12 and wholesalers in sealed barrels or packages. The revenue stamps  
13 herein provided for need not be affixed and canceled in the making of  
14 resales of barrels or packages already taxed by the affixation and  
15 cancellation of stamps as provided in this section.

16 (2) An additional tax is imposed equal to the rate specified in RCW  
17 82.02.030 multiplied by the tax payable under subsection (1) of this  
18 section. All revenues collected during any month from this additional  
19 tax shall be transferred to the state general fund by the twenty-fifth  
20 day of the following month.

21 (3) (~~Until July 1, 1995,~~) An additional tax is imposed on all  
22 beer subject to tax under subsection (1) of this section. The  
23 additional tax is equal to two dollars per barrel of thirty-one  
24 gallons. Until July 1, 1995, all revenues collected during any month  
25 from this additional tax shall be deposited in the drug enforcement and  
26 education account under RCW 69.50.520 by the twenty-fifth day of the  
27 following month. As of July 1, 1995, all revenues collected during any  
28 month from this additional tax shall be deposited in the common school  
29 building account established in section 6 of this act by the twenty-  
30 fifth day of the following month.

1 (4) The tax imposed under this section shall not apply to "strong  
2 beer" as defined in this title.

3 **Sec. 4.** RCW 82.08.150 and 1989 c 271 s 503 are each amended to  
4 read as follows:

5 (1) There is levied and shall be collected a tax upon each retail  
6 sale of spirits, or strong beer in the original package at the rate of  
7 fifteen percent of the selling price. The tax imposed in this  
8 subsection shall apply to all such sales including sales by the  
9 Washington state liquor stores and agencies, but excluding sales to  
10 class H licensees.

11 (2) There is levied and shall be collected a tax upon each sale of  
12 spirits, or strong beer in the original package at the rate of ten  
13 percent of the selling price on sales by Washington state liquor stores  
14 and agencies to class H licensees.

15 (3) There is levied and shall be collected an additional tax upon  
16 each retail sale of spirits in the original package at the rate of one  
17 dollar and seventy-two cents per liter. The additional tax imposed in  
18 this subsection shall apply to all such sales including sales by  
19 Washington state liquor stores and agencies, and including sales to  
20 class H licensees.

21 (4) An additional tax is imposed equal to the rate specified in RCW  
22 82.02.030 multiplied by the taxes payable under subsections (1), (2),  
23 and (3) of this section.

24 (5) (~~Until July 1, 1995,~~) An additional tax is imposed upon each  
25 retail sale of spirits in the original package at the rate of seven  
26 cents per liter. The additional tax imposed in this subsection shall  
27 apply to all such sales including sales by Washington state liquor  
28 stores and agencies, and including sales to class H licensees. Until  
29 July 1, 1995, all revenues collected during any month from this

1 additional tax shall be deposited in the drug enforcement and education  
2 account under RCW 69.50.520 by the twenty-fifth day of the following  
3 month. As of July 1, 1995, all revenues collected during any month  
4 from this additional tax shall be deposited in the common school  
5 building account established in section 6 of this act by the twenty-  
6 fifth day of the following month.

7 (6) The tax imposed in RCW 82.08.020, as now or hereafter amended,  
8 shall not apply to sales of spirits or strong beer in the original  
9 package.

10 (7) The taxes imposed in this section shall be paid by the buyer to  
11 the seller, and each seller shall collect from the buyer the full  
12 amount of the tax payable in respect to each taxable sale under this  
13 section. The taxes required by this section to be collected by the  
14 seller shall be stated separately from the selling price and for  
15 purposes of determining the tax due from the buyer to the seller, it  
16 shall be conclusively presumed that the selling price quoted in any  
17 price list does not include the taxes imposed by this section.

18 (8) As used in this section, the terms, "spirits," "strong beer,"  
19 and "package" shall have the meaning ascribed to them in chapter 66.04  
20 RCW.

21 **Sec. 5.** RCW 82.24.020 and 1989 c 271 s 504 are each amended to  
22 read as follows:

23 (1) There is levied and there shall be collected as hereinafter  
24 provided, a tax upon the sale, use, consumption, handling, possession  
25 or distribution of all cigarettes, in an amount equal to the rate of  
26 eleven and one-half mills per cigarette.

27 (2) (~~Until July 1, 1995,~~) An additional tax is imposed upon the  
28 sale, use, consumption, handling, possession, or distribution of all  
29 cigarettes, in an amount equal to the rate of one and one-half mills

1 per cigarette. Until July 1, 1995, all revenues collected during any  
2 month from this additional tax shall be deposited in the drug  
3 enforcement and education account under RCW 69.50.520 by the twenty-  
4 fifth day of the following month. As of July 1, 1995, all revenues  
5 collected during any month from this additional tax shall be deposited  
6 in the common school building account established in section 6 of this  
7 act by the twenty-fifth day of the following month.

8 (3) Wholesalers and retailers subject to the payment of this tax  
9 may, if they wish, absorb one-half mill per cigarette of the tax and  
10 not pass it on to purchasers without being in violation of this section  
11 or any other act relating to the sale or taxation of cigarettes.

12 (4) For purposes of this chapter, "possession" shall mean both (a)  
13 physical possession by the purchaser and, (b) when cigarettes are being  
14 transported to or held for the purchaser or his designee by a person  
15 other than the purchaser, constructive possession by the purchaser or  
16 his designee, which constructive possession shall be deemed to occur at  
17 the location of the cigarettes being so transported or held.

18 NEW SECTION. Sec. 6. A new section is added to chapter 28A.525  
19 RCW to read as follows:

20 The common school building account is established in the state  
21 treasury. Revenues derived pursuant to RCW 66.24.210(4), 66.24.290(3),  
22 82.08.150(5), and 82.24.020(2) as of July 1, 1995, and other such  
23 revenues as designated by the legislature shall be deposited in the  
24 account created by this section. Funds in the common school building  
25 account are to be used for the purpose of common school construction  
26 and modernization, including the payment of interest and principal on  
27 debt issued by the state for the purpose of common school construction  
28 and modernization.