

HOUSE BILL REPORT

SSB 6279

As Passed House:
February 28, 1996

Title: An act relating to fermented apple and pear cider.

Brief Description: Providing for the taxation of fermented apple and pear cider.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Rasmussen, Newhouse, Bauer, Morton, Long, Loveland and A. Anderson).

Brief History:

Committee Activity:

Agriculture & Ecology: 2/19/96, 2/21/96 [DP].

Floor Activity:

Passed House: 2/28/96, 94-0.

HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

Majority Report: Do pass. Signed by 16 members: Representatives Chandler, Chairman; Koster, Vice Chairman; Chappell, Ranking Minority Member; Linville, Assistant Ranking Minority Member; Clements; Delvin; R. Fisher; Honeyford; Johnson; Mastin; Murray; Ogden; Regala; Robertson; Rust and Schoesler.

Staff: Kenneth Hirst (786-7105).

Background: The state's liquor control laws define "wine" as an alcoholic beverage that is obtained by the fermentation of fruits (grapes, berries, apples, etc.) or other agricultural products containing sugar and that contains not more than 24 percent of alcohol by volume and not less than 0.5 percent of alcohol by volume. Wine containing not more than 14 percent of alcohol by volume is considered to be "table wine."

All table wines sold to wine wholesalers within the state are taxed at the base rate of 20.25 cents per liter. Of this amount 0.25 cents is for Washington State University for wine and wine grape research and related activities. A portion of the remaining amount is to be available to the Liquor Control Board for administrative activities, and moneys in excess of that portion are distributed by the board to others as specified by statute. Surcharges in the form of several additional taxes are also levied on such wine: 1.42 cents per liter, for the general fund; 0.25 cents per liter (until

July 1, 2001), for the Wine Commission; and 1 cent per liter, for the Violence Reduction and Drug Enforcement (VRDE) Account.

Beer is also subject to a base tax and several additional taxes. One such additional tax is for the Health Services Account. With certain exceptions, it is at the rate of \$2.39 per barrel (2.04 cents per liter) until June 30, 1997, and \$4.78 per barrel (4.07 cents per liter) thereafter.

Summary of Bill: In lieu of the base tax on table wine, cider is to be taxed at the base rate of 3.59 cents per liter. The "cider" taxed in this manner contains not less than 0.5 percent of alcohol by volume and not more than 7 percent of alcohol by volume and is made from the normal alcoholic fermentation of the juice of sound, ripe apples or pears. It includes flavored, sparkling, or carbonated cider and cider made from condensed apple or pear must. As a result of the change in the base tax rate, the additional tax for the general fund is 0.25 cents per liter. The additional tax for cider for the Wine Commission is 0.05 cents per liter. The additional tax for the VRDE account is 0.18 cents per liter.

An additional tax is imposed on cider (similar to an additional tax on beer) of 2.04 cents per liter, until June 30, 1997, and of 4.07 cents per liter thereafter, for the Health Services Account.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill is like HB 2424, but pear cider has been added to the cider taxed under the bill to accommodate a local winery that already produces pear cider.

Testimony Against: None.

Testified: Enid Layes, E. and J. Gallo Winery (in favor).