

SENATE BILL REPORT

SB 6279

As Reported By Senate Committee On:
Ways & Means, January 31, 1996

Title: An act relating to fermented apple cider.

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

Sponsors: Senators Rasmussen, Newhouse, Bauer, Morton, Long, Loveland and A. Anderson.

Brief History:

Committee Activity: Ways & Means: 1/30/96, 1/31/96 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6279 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Finkbeiner, Hargrove, Hochstatter, Johnson, Kohl, Long, McDonald, Moyer, Roach, Sheldon, Snyder, Spanel, Strannigan, Sutherland, West, Winsley and Wojahn.

Staff: Terry Wilson (786-7433)

Background: State law levies a tax on all wine sold to wine wholesalers and to the Liquor Control Board. Total tax on table wine is 22.92 cents per liter. Of this, 20.25 cents per liter is deposited into the liquor revolving fund, 1.42 cents per liter is deposited into the general fund, 0.25 cents per liter is levied for the support of the Washington Wine Commission, and 1.0 cent per liter is deposited into the violence reduction and drug enforcement account.

Summary of Substitute Bill: Total tax on cider is reduced to 6.11 cents per liter before July 1, 1997, and 8.14 cents per liter thereafter. The tax on cider is reduced as follows:

- (1) The 20.25 cent liquor revolving fund tax on cider is reduced to 3.59 cents per liter.
- (2) The 1.42 cent general fund tax on cider is reduced to 0.25 cents per liter.
- (3) The 0.25 cent Wine Commission tax on cider is reduced to 0.05 cents per liter.
- (4) The 1.0 cent violence reduction and drug enforcement account tax on cider is reduced to 0.18 cents per liter.

An additional tax of 2.04 cents per liter from July 1, 1996, and 4.07 cents per liter beginning July 1, 1997, is imposed on cider and deposited in the health services account.

Cider is defined as table wine that is made from apples or pears and contains between 0.5 percent and 7.0 percent of alcohol by volume. It includes flavored, sparkling, or carbonated cider and cider made from condensed apple or pear must.

Substitute Bill Compared to Original Bill: The original bill applied only to apple cider.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 1996.

Testimony For: Fermented cider competes with beer. This provides a tax equal to the beer rate to make it more competitive. Currently retailers will not take fermented cider because the wine tax makes the price too high.

Testimony Against: None.

Testified: Enid Layes, WA State Horticultural Assn (pro); Roger Nabedian, Gallow Winery (pro).