
HOUSE BILL 2258

State of Washington

54th Legislature

1996 Regular Session

By Representatives Beeksma, Carrell, Hargrove, McMorris, Honeyford, Thompson, Radcliff, Hymes, Koster, Horn, Romero, Goldsmith and Backlund

Read first time 01/08/96. Referred to Committee on Finance.

1 AN ACT Relating to excise tax increases on beer, liquor, and
2 cigarettes; and amending RCW 66.24.290, 82.08.150, and 82.24.020.

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

4 **Sec. 1.** RCW 66.24.290 and 1995 c 232 s 4 are each amended to read
5 as follows:

6 (1) Any brewer or beer wholesaler licensed under this title may
7 sell and deliver beer to holders of authorized licenses direct, but to
8 no other person, other than the board; and every such brewer or beer
9 wholesaler shall report all sales to the board monthly, pursuant to the
10 regulations, and shall pay to the board as an added tax for the
11 privilege of manufacturing and selling the beer within the state a tax
12 of two dollars and sixty cents per barrel of thirty-one gallons on
13 sales to licensees within the state and on sales to licensees within
14 the state of bottled and canned beer shall pay a tax computed in
15 gallons at the rate of two dollars and sixty cents per barrel of
16 thirty-one gallons. Any brewer or beer wholesaler whose applicable tax
17 payment is not postmarked by the twentieth day following the month of
18 sale will be assessed a penalty at the rate of two percent per month or

1 fraction thereof. Beer shall be sold by brewers and wholesalers in
2 sealed barrels or packages.

3 (2) An additional tax is imposed equal to seven percent multiplied
4 by the tax payable under subsection (1) of this section. All revenues
5 collected during any month from this additional tax shall be
6 transferred to the state general fund by the twenty-fifth day of the
7 following month.

8 (3) An additional tax is imposed on all beer subject to tax under
9 subsection (1) of this section. The additional tax is equal to two
10 dollars per barrel of thirty-one gallons. All revenues collected
11 during any month from this additional tax shall be deposited in the
12 violence reduction and drug enforcement account under RCW 69.50.520 by
13 the twenty-fifth day of the following month.

14 (4)(a) An additional tax is imposed on all beer subject to tax
15 under subsection (1) of this section. The additional tax is equal to
16 ninety-six cents per barrel of thirty-one gallons through June 30,
17 1995, and two dollars and thirty-nine cents per barrel of thirty-one
18 gallons (~~for the period July 1, 1995, through June 30, 1997, and four~~
19 ~~dollars and seventy-eight cents per barrel of thirty-one gallons~~)
20 thereafter.

21 (b) The additional tax imposed under this subsection does not apply
22 to the sale of the first sixty thousand barrels of beer each year by
23 breweries that are entitled to a reduced rate of tax under 26 U.S.C.
24 Sec. 5051, as existing on July 1, 1993, or such subsequent date as may
25 be provided by the board by rule consistent with the purposes of this
26 exemption.

27 (c) All revenues collected from the additional tax imposed under
28 this subsection (4) shall be deposited in the health services account
29 under RCW 43.72.900.

30 (5) The tax imposed under this section shall not apply to "strong
31 beer" as defined in this title.

32 **Sec. 2.** RCW 82.08.150 and 1994 sp.s. c 7 s 903 (Referendum Bill
33 No. 43) are each amended to read as follows:

34 (1) There is levied and shall be collected a tax upon each retail
35 sale of spirits, or strong beer in the original package at the rate of
36 fifteen percent of the selling price. The tax imposed in this
37 subsection shall apply to all such sales including sales by the

1 Washington state liquor stores and agencies, but excluding sales to
2 class H licensees.

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

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

13 (4) An additional tax is imposed equal to fourteen percent
14 multiplied by the taxes payable under subsections (1), (2), and (3) of
15 this section.

16 (5) An additional tax is imposed upon each retail sale of spirits
17 in the original package at the rate of seven cents per liter. The
18 additional tax imposed in this subsection shall apply to all such sales
19 including sales by Washington state liquor stores and agencies, and
20 including sales to class H licensees. All revenues collected during
21 any month from this additional tax shall be deposited in the violence
22 reduction and drug enforcement account under RCW 69.50.520 by the
23 twenty-fifth day of the following month.

24 (6)(a) An additional tax is imposed upon retail sale of spirits in
25 the original package at the rate of one and seven-tenths percent of the
26 selling price through June 30, 1995, and two and six-tenths percent of the
27 selling price (~~((for the period July 1, 1995, through June 30, 1997,~~
28 ~~and three and four tenths of the selling price))~~) thereafter. This
29 additional tax applies to all such sales including sales by Washington
30 state liquor stores and agencies, but excluding sales to class H
31 licensees.

32 (b) An additional tax is imposed upon retail sale of spirits in the
33 original package at the rate of one and one-tenth percent of the
34 selling price through June 30, 1995, and one and seven-tenths percent
35 of the selling price (~~((for the period July 1, 1995, through June 30,~~
36 ~~1997, and two and three tenths of the selling price))~~) thereafter. This
37 additional tax applies to all such sales to class H licensees.

38 (c) An additional tax is imposed upon each retail sale of spirits
39 in the original package at the rate of twenty cents per liter through

1 June 30, 1995, and thirty cents per liter (~~((for the period July 1,~~
2 ~~1995, through June 30, 1997, and forty one cents per liter))~~)
3 thereafter. This additional tax applies to all such sales including
4 sales by Washington state liquor stores and agencies, and including
5 sales to class H licensees.

6 (d) All revenues collected during any month from additional taxes
7 under this subsection shall be deposited in the health services account
8 created under RCW 43.72.900 by the twenty-fifth day of the following
9 month.

10 (7) The tax imposed in RCW 82.08.020 shall not apply to sales of
11 spirits or strong beer in the original package.

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

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

23 **Sec. 3.** RCW 82.24.020 and 1994 sp.s. c 7 s 904 (Referendum Bill
24 No. 43) are each amended to read as follows:

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

29 (2) An additional tax is imposed upon the sale, use, consumption,
30 handling, possession, or distribution of all cigarettes, in an amount
31 equal to the rate of five and one-fourth mills per cigarette. All
32 revenues collected during any month from this additional tax shall be
33 deposited in the violence reduction and drug enforcement account under
34 RCW 69.50.520 by the twenty-fifth day of the following month.

35 (3) An additional tax is imposed upon the sale, use, consumption,
36 handling, possession, or distribution of all cigarettes, in an amount
37 equal to the rate of ten mills per cigarette through June 30, 1994,
38 eleven and one-fourth mills per cigarette for the period July 1, 1994,

1 through June 30, 1995, and twenty mills per cigarette (~~for the period~~
2 ~~July 1, 1995, through June 30, 1996, and twenty and one-half mills per~~
3 ~~cigarette~~)) thereafter. All revenues collected during any month from
4 this additional tax shall be deposited in the health services account
5 created under RCW 43.72.900 by the twenty-fifth day of the following
6 month.

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

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

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