

***Finance Committee***

***HB 1915***

***Brief Description:*** *Modifying wine and cider provisions.*

***Sponsors:*** *Representatives Cairnes, Morris, H. Sommers, Skinner, Hankins, Kessler, Lisk, Clements, Benson, Delvin, B. Chandler, Veloria, G. Chandler, Conway, Ruderman, Santos, Grant, Barlean and Alexander.*

***Brief Summary of Bill***

- *The wine tax that funds a portion of the Washington Wine Commission activities is allowed to continue.*

***Hearing Date:*** *2/21/01*

***Staff:*** *Mark Matteson (786-7145).*

***Background:***

*A volumetric (per liter) tax is imposed on wine and cider wine sold to wholesalers, the Liquor Control Board, or directly to consumers on the premises of a winery. In the case of table wine, the tax is imposed at a rate of \$0.2292 per liter; for fortified wines, \$0.4536 per liter; and for cider wine, \$0.0814 per liter. Fortified wine is defined as wine with more than 14 percent alcohol by volume, and cider wines are wines with alcohol content between 0.5 percent and 7 percent by volume made from apples or pears. Taxpayers report the tax on a monthly basis to the Liquor Control Board.*

*Each of the taxes is a composite of several different rates that were imposed for different ultimate purposes. For example, in the case of table wine, a basic tax and surtax are imposed at rates of 20.25 cents per liter and 1.42 cents per liter, respectively; most of these revenues are deposited to the general fund, while a small part is distributed to Washington State University for wine and grape research. An additional rate is imposed at 1 cent per liter and is deposited in the Violence Reduction and Drug Enforcement Account. Yet another rate is imposed at 0.25 cents per liter and is distributed quarterly to the Washington Wine Commission for its purposes. The rates for fortified wine and cider wine*

*are similarly composite in nature.*

*The Washington Wine Commission is statutorily authorized to use revenue provided by the wine tax for purposes that promote the enhanced production of wine grapes and wine and that promote the marketing of Washington wine.*

***Summary of Bill:***

*The bill removes the statutory provision that requires the cessation of the portion of the wine tax that is provided for the purposes of the wine commission. The tax, which is scheduled to otherwise cease on July 1, 2001, is allowed to continue.*

***Appropriation:*** *None.*

***Fiscal Note:*** *Available.*

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