

FINAL BILL REPORT

SSB 5537

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Synopsis as Enacted

Brief Description: Authorizing licensed spirits and wine distributors to sell spirits and wine products to their employees in certain circumstances.

Sponsors: Senate Committee on Commerce, Labor & Sports (originally sponsored by Senators King and Keiser).

Senate Committee on Commerce, Labor & Sports
House Committee on Commerce & Gaming

Background: Licensed Spirits Distributors. Licensed spirits retailers may sell spirits purchased from a variety of sources to spirits retailers that sell spirits for both on-premises and off-premises consumption. Spirits distributors must pay to the Liquor and Cannabis Board a spirits distributor license issuance fee of 5 percent, which is deposited into the Liquor Revolving Fund. Spirits sales to on-premises licensees are subject to a 13.7 percent sales tax and a per liter tax of \$2.4408. Spirits sales to consumers also include a liquor sales tax of 20.5 percent and a per liter tax of \$3.77.

Licensed Wine Distributors. Licensed wine distributors may sell wine purchased from a variety of sources to licensed wine retailers and other wine distributors. Although generally wholesale sales of wine are subject to a liter tax based on the gross proceeds of the sale, sales of beverages solely for immediate consumption at the seller's place of business are exempt from the liter tax. Retail sales of wine to consumers also include the applicable sales tax.

Summary: Licensed Spirits Distributors. Licensed spirits distributors may sell spirits directly to full-time employees of the spirits distributor if the spirits cannot reasonably be sold in the normal course of business, such as because of damage to the label on individual bottles, and are subject to the following requirements:

- the spirits may not be sold for less than the licensed spirits distributor's cost of acquisition;
- the sale is subject to the same taxes that a consumer would pay at a retail sale;
- the spirits may be sold only to a person who has been employed by the spirits distributor for 90 or more days and who is 21 years of age or older; and
- the person purchasing the spirits must use the spirits for personal use and may not sell any of the purchased spirits by the drink or otherwise to a third person.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Licensed Wine Distributors. Licensed wine distributors may sell wine directly to full-time employees of the wine distributor if the wine cannot reasonably be sold in the normal course of business, such as because of damage to the label on individual bottles, and are subject to the following requirements:

- the wine may not be sold for less than wine distributor's cost of acquisition;
- the sale is subject to the same taxes that a consumer would pay at a retail sale;
- the wine may be sold only to a person who has been employed by the wine distributor for 90 or more days and who is 21 years of age or older; and
- the person purchasing the wine must use the wine for personal use and may not sell any of the purchased wine by the glass or otherwise to a third person.

Votes on Final Passage:

Senate	41	7
House	76	21

Effective: July 23, 2017