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**SENATE BILL 5054**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Senators Warnick and Stanford

Prefiled 12/13/24.

1 AN ACT Relating to providing tax exemption for the first 20,000  
2 gallons of wine sold by a winery in Washington; amending RCW  
3 66.24.210; and creating a new section.

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

5 **Sec. 1.** RCW 66.24.210 and 2023 c 470 s 1012 are each amended to  
6 read as follows:

7 (1) ~~((There))~~ Except as provided in (d) of this subsection, there  
8 is hereby imposed upon all wines except cider sold to wine  
9 distributors within the state a tax at the rate of twenty and one-  
10 fourth cents per liter. Any domestic winery or certificate of  
11 approval holder acting as a distributor of its own production must  
12 pay taxes imposed by this section. ~~((There))~~ Except as provided in  
13 (d) of this subsection, there is hereby imposed on all cider sold to  
14 wine distributors within the state a tax at the rate of three and  
15 fifty-nine one-hundredths cents per liter. However, wine sold or  
16 shipped in bulk from one winery to another winery is not subject to  
17 such tax.

18 (a) The tax provided for in this section shall be collected by  
19 direct payments based on wine purchased by wine distributors.

20 (b) Except as provided in subsection (7) of this section, every  
21 person purchasing wine under the provisions of this section must on

1 or before the twentieth day of each month report to the board all  
2 purchases during the preceding calendar month in such manner and upon  
3 such forms as may be prescribed by the board, and with such report  
4 must pay the tax due from the purchases covered by such report unless  
5 the same has previously been paid. Any such purchaser of wine whose  
6 applicable tax payment is not postmarked by the twentieth day  
7 following the month of purchase will be assessed a penalty at the  
8 rate of two percent a month or fraction thereof. The board may  
9 require that every such person shall execute to and file with the  
10 board a bond to be approved by the board, in such amount as the board  
11 may fix, securing the payment of the tax. If any such person fails to  
12 pay the tax when due, the board may suspend or cancel the license  
13 until all taxes are paid.

14 (c) Any licensed retailer authorized to purchase wine from a  
15 certificate of approval holder with a direct shipment endorsement or  
16 a domestic winery must make monthly reports to the liquor and  
17 cannabis board on wine purchased during the preceding calendar month  
18 in the manner and upon such forms as may be prescribed by the board.

19 (d) Any winery that sells less than 20,000 gallons of table wine  
20 or cider in a calendar year is:

21 (i) Subject to tax at a rate of \$0.0528 per liter for table wine  
22 or cider; and

23 (ii) Not subject to any other taxes under this section on sales  
24 of the first 20,000 gallons of table wine or cider except for taxes  
25 imposed under subsection (3) of this section for the Washington wine  
26 commission.

27 (e) Taxes collected pursuant to (d) of this subsection (1) must  
28 be deposited in the liquor revolving fund and are subject to the  
29 allocation to Washington State University in RCW 66.08.180(4).

30 (2) ~~((An))~~ Except as provided in subsection (1)(d) of this  
31 section, an additional tax is imposed equal to the rate specified in  
32 RCW 82.02.030 multiplied by the tax payable under subsection (1) of  
33 this section. All revenues collected during any month from this  
34 additional tax must be transferred to the state general fund by the  
35 twenty-fifth day of the following month.

36 (3) An additional tax is imposed on wines subject to tax under  
37 subsection (1) of this section, at the rate of one-fourth of one cent  
38 per liter for wine sold after June 30, 1987. After June 30, 1996,  
39 such additional tax does not apply to cider. An additional tax of  
40 five one-hundredths of one cent per liter is imposed on cider sold

1 after June 30, 1996. All revenues collected under this subsection (3)  
2 shall be disbursed quarterly to the Washington wine commission for  
3 use in carrying out the purposes of chapter 15.88 RCW.

4 (4) (~~An~~) Except as provided in subsection (1)(d) of this  
5 section, an additional tax is imposed on all wine subject to tax  
6 under subsection (1) of this section. The additional tax is equal to  
7 twenty-three and forty-four one-hundredths cents per liter on  
8 fortified wine as defined in RCW 66.04.010 when bottled or packaged  
9 by the manufacturer, one cent per liter on all other wine except  
10 cider, and eighteen one-hundredths of one cent per liter on cider.  
11 All revenues collected during any month from this additional tax  
12 shall be deposited in the state general fund by the twenty-fifth day  
13 of the following month.

14 (5)(a) (~~An~~) Except as provided in subsection (1)(d) of this  
15 section, an additional tax is imposed on all cider subject to tax  
16 under subsection (1) of this section. The additional tax is equal to  
17 two and four one-hundredths cents per liter of cider sold after June  
18 30, 1996, and before July 1, 1997, and is equal to four and seven  
19 one-hundredths cents per liter of cider sold after June 30, 1997.

20 (b) All revenues collected from the additional tax imposed under  
21 this subsection (5) must be deposited in the state general fund.

22 (6) For the purposes of this section, "cider" means table wine  
23 that contains not less than one-half of one percent of alcohol by  
24 volume and not more than eight and one-half percent of alcohol by  
25 volume and is made from the normal alcoholic fermentation of the  
26 juice of sound, ripe apples or pears. "Cider" includes, but is not  
27 limited to, flavored, sparkling, or carbonated cider and cider made  
28 from condensed apple or pear must.

29 (7) For the purposes of this section, out-of-state wineries must  
30 pay taxes under this section on wine sold and shipped directly to  
31 Washington state residents in a manner consistent with the  
32 requirements of a wine distributor under subsections (1) through (4)  
33 of this section, except wineries shall be responsible for the tax and  
34 not the resident purchaser.

35 (8) Notwithstanding any other provision of this section, any  
36 domestic winery or wine certificate of approval holder acting as a  
37 distributor of its own production that had total taxable sales of  
38 wine in Washington state of six thousand gallons or less during the  
39 calendar year preceding the date on which the tax would otherwise be

1 due is not required to pay taxes under this section more often than  
2 annually.

3 NEW SECTION. **Sec. 2.** (1) This section is the tax preference  
4 performance statement for the tax preference contained in section 1,  
5 chapter . . ., Laws of 2025 (section 1 of this act). This performance  
6 statement is only intended to be used for subsequent evaluation of  
7 the tax preference. It is not intended to create a private right of  
8 action by any party or to be used to determine eligibility for  
9 preferential tax treatment.

10 (2) The legislature categorizes this tax preference as one  
11 intended to provide tax relief to certain businesses and individuals  
12 and to create or retain jobs, as indicated in RCW 82.32.808(2) (c)  
13 and (e).

14 (3) It is the legislature's specific public policy objective to  
15 promote the development of small wineries and the jobs they provide.  
16 These small businesses face challenges entering and surviving in the  
17 industry and it is the legislature's public policy objective to  
18 assist these wineries to grow and stabilize. Small wineries do not  
19 benefit from the economies of scale and product distribution networks  
20 available to large wineries. Small wineries have faced significant  
21 recent and ongoing challenges, including the great recession,  
22 COVID-19 pandemic, and climate change impacts, such as increased  
23 wildfire smoke and extreme weather events.

24 (4) If a review finds that the tax preference accomplishes its  
25 goal of promoting small wineries, measured by an increase in the  
26 number of Washington wineries in business, an increase in the number  
27 of wine industry jobs, or an increase in wine excise taxes collected,  
28 compared to the end of the 2024 state fiscal year, then the  
29 legislature intends to extend the expiration date of this tax  
30 preference.

31 (5) In order to obtain the data necessary to perform the review  
32 in subsection (4) of this section, the joint legislative audit and  
33 review committee may refer to any data collected by the state,  
34 including the Washington wine commission.

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