

FINAL BILL REPORT

ESHB 2137

C 80 L 91

Synopsis As Enacted

Brief Description: Changing excise tax on carbonated beverages and syrups.

Sponsor(s): By House Committee on Revenue (originally sponsored by Representatives Wang, Holland, Ebersole, Ballard, Appelwick, Fraser, McLean, May, Winsley, Phillips, Peery, Bowman and Miller).

House Committee on Revenue

Senate Committee on Ways & Means

Background: The 1989 Legislature enacted the Omnibus Drug bill to increase penalties for drug-related offenses, to provide for greater surveillance and enforcement, and to combat drug abuse. The Legislature raised tax rates on liquor, beer, wine, and tobacco products, and imposed a new tax on carbonated beverages to fund the programs. The tax on carbonated beverages is the main revenue source, and is estimated to generate approximately \$45 million for the 1991-1993 biennium.

The carbonated beverages tax applies to the first possession of a soft drink or concentrate within the state. The intent is that the tax be paid by bottlers and wholesalers. The rates are one cent per 12-ounce container, or 75 cents per gallon of concentrate used to generate soft drinks. The tax expires July 1, 1995.

Summary: The carbonated beverages tax is changed from a first possession tax to a tax on the wholesale sale of carbonated beverages or syrup in the state. A compensating tax is applied to retail sales of carbonated beverages or syrups that have not been previously taxed at the wholesale level. This compensating tax applies to beverages purchased by a retailer from out of state wholesalers.

The carbonated beverage tax does not apply to successive sales of previously taxed beverages or syrups.

The tax is to be paid by the buyer to the wholesaler, and is to be stated separately from the selling price in any invoice or other instrument of sale.

Each retailer at a retail store with more than 4,000 square feet may:

1. Include in all print advertising of carbonated beverages a notice stating: "Price includes (amount) of Washington Drug Fund Tax."
2. Post notices on shelves containing carbonated beverages that include the statement "Price includes (amount) of Washington Drug Fund Tax."

Votes on Final Passage:

House	96	0	
Senate	29	15	(Senate amended)
House	93	0	(House concurred)

Effective: June 1, 1991