

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 5845**

Chapter 451, Laws of 1997

55th Legislature  
1997 Regular Session

BEER TAXES--REDISTRIBUTION OF RECEIPTS

EFFECTIVE DATE: 7/1/97

Passed by the Senate April 15, 1997  
YEAS 45 NAYS 2

IRV NEWHOUSE

**President of the Senate**

Passed by the House April 18, 1997  
YEAS 82 NAYS 15

CLYDE BALLARD

**Speaker of the  
House of Representatives**

Approved May 20, 1997

GARY LOCKE

**Governor of the State of Washington**

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5845** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MIKE O'CONNELL

**Secretary**

FILED

May 20, 1997 - 4:34 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 5845**

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Passed Legislature - 1997 Regular Session

**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Swecker, Prentice, Sellar, Hargrove, Benton, Schow, Heavey, Wood, Bauer, Winsley, Wojahn, Haugen, Rasmussen, Jacobsen, McCaslin, Anderson, Newhouse, Johnson, Horn, West, Morton, Hochstatter, Sheldon, Goings, Finkbeiner, Rossi, Hale, Roach and Oke)

Read first time 04/07/97.

1       AN ACT Relating to offsetting an increase in the beer tax for the  
2 health care services account with a corresponding decrease in other  
3 beer taxes; amending RCW 66.24.290, 69.50.520, 66.08.180, and  
4 66.08.196; providing an effective date; and declaring an emergency.

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

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

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

1 twentieth day following the month of sale will be assessed a penalty at  
2 the rate of two percent per month or fraction thereof. Beer shall be  
3 sold by brewers and wholesalers in sealed barrels or packages. The  
4 moneys collected under this subsection shall be distributed as follows:  
5 (a) Three-tenths of a percent shall be distributed to border areas  
6 under RCW 66.08.195; and (b) of the remaining moneys: (i) Twenty  
7 percent shall be distributed to counties in the same manner as under  
8 RCW 66.08.200; and (ii) eighty percent shall be distributed to  
9 incorporated cities and towns in the same manner as under RCW  
10 66.08.210.

11 ~~(2) ((An additional tax is imposed equal to seven percent~~  
12 ~~multiplied by the tax payable under subsection (1) of this section.~~  
13 ~~All revenues collected during any month from this additional tax shall~~  
14 ~~be transferred to the state general fund by the twenty-fifth day of the~~  
15 ~~following month.~~

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

22 ~~((+4))~~ (3)(a) An additional tax is imposed on all beer subject to  
23 tax under subsection (1) of this section. The additional tax is equal  
24 to ninety-six cents per barrel of thirty-one gallons through June 30,  
25 1995, two dollars and thirty-nine cents per barrel of thirty-one  
26 gallons for the period July 1, 1995, through June 30, 1997, and four  
27 dollars and seventy-eight cents per barrel of thirty-one gallons  
28 thereafter.

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

35 (c) All revenues collected from the additional tax imposed under  
36 this subsection ~~((+4))~~ (3) shall be deposited in the health services  
37 account under RCW 43.72.900.

38 ~~((+5))~~ (4) An additional tax is imposed on all beer that is  
39 subject to tax under subsection (1) of this section that is in the

1 first sixty thousand barrels of beer by breweries that are entitled to  
2 a reduced rate of tax under 26 U.S.C. Sec. 5051, as existing on July 1,  
3 1993, or such subsequent date as may be provided by the board by rule  
4 consistent with the purposes of the exemption under subsection (3)(b)  
5 of this section. The additional tax is equal to one dollar and forty-  
6 eight and two-tenths cents per barrel of thirty-one gallons. By the  
7 twenty-fifth day of the following month, three percent of the revenues  
8 collected from this additional tax shall be distributed to border areas  
9 under RCW 66.08.195 and the remaining moneys shall be transferred to  
10 the state general fund.

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

13 **Sec. 2.** RCW 69.50.520 and 1995 2nd sp.s. c 18 s 919 are each  
14 amended to read as follows:

15 The violence reduction and drug enforcement account is created in  
16 the state treasury. All designated receipts from RCW 9.41.110(~~(+7)~~)  
17 (8), 66.24.210(4), 66.24.290(~~(+3)~~) (2), 69.50.505(h)(1), 82.08.150(5),  
18 82.24.020(2), 82.64.020, and section 420, chapter 271, Laws of 1989  
19 shall be deposited into the account. Expenditures from the account may  
20 be used only for funding services and programs under chapter 271, Laws  
21 of 1989 and chapter 7, Laws of 1994 sp. sess., including state  
22 incarceration costs. After July 1, 1997, at least seven and one-half  
23 percent of expenditures from the account shall be used for providing  
24 grants to community networks under chapter 70.190 RCW by the family  
25 policy council.

26 **Sec. 3.** RCW 66.08.180 and 1995 c 398 s 16 are each amended to read  
27 as follows:

28 Except as provided in RCW 66.24.290(1), moneys in the liquor  
29 revolving fund shall be distributed by the board at least once every  
30 three months in accordance with RCW 66.08.190, 66.08.200 and 66.08.210:  
31 PROVIDED, That the board shall reserve from distribution such amount  
32 not exceeding five hundred thousand dollars as may be necessary for the  
33 proper administration of this title.

34 (1) All license fees, penalties and forfeitures derived under this  
35 act from class H licenses or class H licensees shall every three months  
36 be disbursed by the board as follows:

1 (a) Three hundred thousand dollars per biennium, to the University  
2 of Washington for the forensic investigations council to conduct the  
3 state toxicological laboratory pursuant to RCW 68.50.107; and

4 (b) Of the remaining funds:

5 (i) 6.06 percent to the University of Washington and 4.04 percent  
6 to Washington State University for alcoholism and drug abuse research  
7 and for the dissemination of such research; and

8 (ii) 89.9 percent to the general fund to be used by the department  
9 of social and health services solely to carry out the purposes of RCW  
10 70.96A.050;

11 (2) The first fifty-five dollars per license fee provided in RCW  
12 66.24.320 and 66.24.330 up to a maximum of one hundred fifty thousand  
13 dollars annually shall be disbursed every three months by the board to  
14 the general fund to be used for juvenile alcohol and drug prevention  
15 programs for kindergarten through third grade to be administered by the  
16 superintendent of public instruction;

17 (3) Twenty percent of the remaining total amount derived from  
18 license fees pursuant to RCW 66.24.320, 66.24.330, 66.24.340,  
19 66.24.350, 66.24.360, and 66.24.370, shall be transferred to the  
20 general fund to be used by the department of social and health services  
21 solely to carry out the purposes of RCW 70.96A.050; and

22 (4) One-fourth cent per liter of the tax imposed by RCW 66.24.210  
23 shall every three months be disbursed by the board to Washington State  
24 University solely for wine and wine grape research, extension programs  
25 related to wine and wine grape research, and resident instruction in  
26 both wine grape production and the processing aspects of the wine  
27 industry in accordance with RCW 28B.30.068. The director of financial  
28 management shall prescribe suitable accounting procedures to ensure  
29 that the funds transferred to the general fund to be used by the  
30 department of social and health services and appropriated are  
31 separately accounted for.

32 **Sec. 4.** RCW 66.08.196 and 1995 c 159 s 3 are each amended to read  
33 as follows:

34 Distribution of funds to border areas under RCW 66.08.190 and  
35 66.24.290 (1)(a) and (4) shall be as follows:

36 (1) Sixty-five percent of the funds shall be distributed to border  
37 areas ratably based on border area traffic totals;

1 (2) Twenty-five percent of the funds shall be distributed to border  
2 areas ratably based on border-related crime statistics; and

3 (3) Ten percent of the funds shall be distributed to border areas  
4 ratably based upon border area per capita law enforcement spending.

5 Distributions to an unincorporated area that is a point of land  
6 surrounded on three sides by saltwater and adjacent to the Canadian  
7 border shall be made to the county in which such an area is located and  
8 may only be spent on services provided to that area.

9 NEW SECTION. **Sec. 5.** This act is necessary for the immediate  
10 preservation of the public peace, health, or safety, or support of the  
11 state government and its existing public institutions, and takes effect  
12 July 1, 1997.

Passed the Senate April 15, 1997.

Passed the House April 18, 1997.

Approved by the Governor May 20, 1997.

Filed in Office of Secretary of State May 20, 1997.