

SENATE BILL REPORT

SB 6931

As Failed Senate, February 29, 2008

Title: An act relating to providing funding for additional emphasis patrols for DUI enforcement and chemical dependency treatment.

Brief Description: Providing funding for additional emphasis patrols for DUI enforcement and chemical dependency treatment.

Sponsors: Senators Kline, Weinstein and McDermott.

Brief History:

Committee Activity: Ways & Means: 2/11/08, 2/12/08 [DP, DNP, w/oRec].
Failed Senate: 2/29/08, 25-21.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Hatfield, Hobbs, Keiser, Kohl-Welles, Oemig, Regala, Rockefeller and Tom.

Minority Report: Do not pass.

Signed by Senators Zarelli, Ranking Minority Member; Hewitt, Honeyford and Schoesler.

Minority Report: That it be referred without recommendation.

Signed by Senators Brandland, Carrell, Parlette and Roach.

Staff: Dianne Criswell (786-7433)

Background: Spirits are beverages containing alcohol obtained by distillation, including wines with more than 24 percent alcohol by volume.

Spirits are subject to a state sales tax to consumers and restaurant licensees. The current rate for sales to consumers is 20.5 percent. The rate for restaurant licensees is 13.7 percent. Revenues from these taxes and surcharges is deposited into the General Fund, the Health Services Account, and the Liquor Excise Tax Fund, which is distributed to counties and cities.

The sales of spirits are also subject to a liquor liter tax of \$3.77 per liter. Revenues from this tax are deposited into the General Fund, the Violence Reduction and Drug Enforcement Account, and the Health Services Account.

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.

A \$0.42 per liter surcharge was placed on spirits to raise revenue for the General Fund for the 2003-2005 and 2005-2007 bienniums. The surcharge ended on June 30, 2007.

Summary of Bill: The \$0.42 per liter surcharge is added to all retail sales of spirits, excluding licensee, military, and tribal sales. All receipts from the surcharge must be deposited into the Violence Reduction and Drug Enforcement Account. Fifty percent of the surcharge revenues are provided for the sole purpose of funding chemical dependency treatment through the Department of Social and Health Services Division of Alcohol and Substance Abuse. The remaining 50 percent of revenues is for the sole purpose of providing grants through the Traffic Safety Commission to local governments for driving under the influence emphasis patrol programs, but must not be used to supplant existing local funding.

Appropriation: None.

Fiscal Note: Requested on February 6, 2008.
[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: CON: The 2003 surcharge raised the taxes on spirits in Washington to one of the highest in the nation. There was a decrease of sales of spirits in Washington after the surcharge was put in place, especially in border areas. Also as a result, consumers chose to buy lower-priced spirits rather than premium spirits. This surcharge singles out distilled spirits as a subcategory of alcoholic beverages. There are fairness issues in distinguishing spirits and placing additional charges on spirits to fund DUI patrols. The surcharge is on sales to consumers, not licensees, which raises fairness issues for retail consumers. The cost of the surcharge cannot be absorbed by sellers, and so will be passed on to consumers. The decreased sales of spirits in Washington could affect revenues that flow to the state from the present taxes on spirits.

Persons Testifying: CON: Carrie Tellefson, Distillery Representatives Association of Washington; Dave Ducharme, Distilled Spirits Council of the United States.