
Commerce & Gaming Committee

HB 2642

Brief Description: Providing small winery tax relief.

Sponsors: Representatives Condotta, Wylie, Scott and Vick.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Provides an exemption from a majority of wine taxes on the first 20,000 gallons of wine sold by a domestic winery.
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Hearing Date: 1/26/16

Staff: Dominique Meyers (786-7150).

Background:

Domestic and Out-of-State Wineries.

Wineries licensed in Washington State (domestic wineries) may act as distributors and retailers of wine of their own production. Domestic wineries must comply with applicable laws and rules relating to distributors and retailers, including remitting the applicable taxes to the Liquor and Cannabis Boards for sales made to wine distributors or retailers.

Out-of-state wineries must pay taxes on wine sold and shipped directly to a Washington resident, in which case the tax is the responsibility of the out-of-state winery, not the purchaser.

Wine Tax.

The tax rate for wine sold in the state varies based on the type of wine. The following are the tax rates for the three specified types of wine:

1. Table wines (less than 14 percent alcohol by volume):
 - \$0.2025 per liter (RCW 66.24.210(1));
 - \$0.0142 per liter (7 percent surtax, RCW 66.24.210(2));
 - \$0.0025 per liter (RCW 66.24.210(3)); and

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- \$0.01 per liter (RCW 66.24.210(4)).

Total tax: \$0.2292 per liter.

2. Fortified wines (more than 14 percent alcohol by volume):

- \$0.2025 per liter (RCW 66.24.210(1));
- \$0.0142 per liter (7 percent surtax, RCW 66.24.210(2));
- \$0.0025 per liter (RCW 66.24.210(3)); and
- \$0.2344 per liter (RCW 66.24.210(4)).

Total tax: \$0.4536 per liter

3. Cider (table wines with alcohol content between 0.5 percent and 7 percent by volume, made from apples or pears):

- \$0.0359 per liter (RCW 66.24.210(1));
- \$0.0025 per liter (7 percent surtax, RCW 66.24.210(2));
- \$0.0005 per liter (RCW 66.24.210(3));
- \$0.0018 per liter (RCW 66.24.210(4)); and
- \$0.0407 per liter (RCW 66.24.210(5)).

Total tax: \$0.0814 per liter.

Summary of Bill:

Domestic wineries are exempt from a majority of wine taxes on the first 20,000 gallons of wine sold. The exemption does not apply to out-of-state wineries. The tax collected and distributed to the Washington Wine Commission is not exempt. The new tax rate for the first 20,000 gallons of wine sold by domestic wineries is as follows:

- table wines (less than 14 percent alcohol by volume) - \$0.0025 per liter;
- fortified wines (more than 14 percent alcohol by volume) - \$0.0025 per liter; and
- cider (table wines with alcohol content between 0.5 percent and 7 percent by volume, made from apples or pears) - \$0.0005 per liter.

Appropriation: None.

Fiscal Note: Requested on January 20, 2016.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.