

ESSB 5368 - H COMM AMD
By Committee on Finance

NOT CONSIDERED 04/27/2025

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The Washington state institute for
4 public policy must conduct a study regarding Washington state's
5 current system of alcohol taxes and fees and alcohol administrative
6 fees and produce a final report as described in this section.

7 (2) The final report must include the following information:

8 (a) The specific types of state alcohol taxes and fees applicable
9 to spirits, beer, and wine, by product category, and including
10 general taxes such as sales and business and occupation taxes;

11 (b) Current and historical alcohol tax and fee rates by tax or
12 fee type;

13 (c) Annual sales in the state of spirits, wine, and beer in total
14 and per capita from 2015 to 2024;

15 (d) Annual spirits, wine, and beer tax and fee revenues generated
16 in the state from 2015 to 2024 in total and by tax or fee type;

17 (e) Annual spirits, wine, and beer tax and fee revenues per
18 capita generated in the state from 2015 to 2024 in total and by tax
19 or fee type;

20 (f) To the extent practicable, all of the following:

21 (i) An analysis of total and per capita spirits sales and related
22 alcohol tax and fee revenues in other states, differentiated by
23 whether the sale of off-premises spirits is controlled by the state
24 or allowed by licensed private entities;

25 (ii) An analysis of total and per capita spirits sales and
26 related tax and fee revenues in other states and countries
27 differentiated by whether spirits taxation is based on volume, price,
28 or alcohol content;

29 (iii) An analysis of total and per capita spirits, beer, and wine
30 sales and tax and fee revenues in this state and other states by each
31 applicable unit of measurement of alcohol content and volume,
32 differentiated by product category;

1 (iv) An analysis of alcohol administrative fee amounts to
2 determine the sufficiency of each fee to cover reasonable costs for
3 efficient administration and enforcement. This shall include
4 recommendations for either increases or decreases in any alcohol
5 administrative fee pursuant to the findings of the study;

6 (v) An analysis of the impact of alcohol taxes and fees on prices
7 and consumer consumption;

8 (vi) The information required in (c), (d), and (e) of this
9 subsection ranging from 2008 to 2020;

10 (vii) Estimated costs to transition to an alcohol tax system in
11 the state where alcohol tax rates are determined solely by the
12 alcohol content of products, the estimated annual costs to administer
13 this system, and the estimated tax revenue of this system;

14 (viii) Estimated tax rates for spirits, beer, and wine that would
15 have to be applied to maintain a revenue neutral tax system in the
16 state if tax rates were based solely on the alcohol content of
17 products; and

18 (ix) An analysis of the economic impact of the state's breweries,
19 wineries, and distilleries, and potential changes to the economic
20 impact if alcohol tax rates were based solely on the alcohol content
21 of products. For the purposes of this subsection, "economic impact"
22 includes the number and average wage of local jobs.

23 (3) The Washington state institute for public policy must submit
24 a final report to the relevant committees of the legislature by June
25 30, 2026.

26 (4) The liquor and cannabis board and department of revenue must
27 cooperate with the Washington state institute for public policy to
28 provide data relevant to this study.

29 (5) The definitions in this subsection apply throughout this
30 section unless the context clearly requires otherwise.

31 (a) "Alcohol taxes and fees" means alcohol taxes and fees where
32 the amount of the tax or fee is based on the sales price, sales
33 volume, or alcohol content of an alcohol product; and

34 (b) "Alcohol administrative fees" means any liquor license,
35 liquor permit, or liquor endorsement fee set either by statute or by
36 rule and administered by the liquor and cannabis board, including
37 fees for retail licenses.

38 (6) This section expires July 1, 2026."

39 Correct the title.

EFFECT: • Directs the Washington State Institute for Public Policy to conduct a study and produce a report on the state's system of alcohol taxes and fees and alcohol administrative fees.

• Specifies that analysis must be done on administrative fees such as liquor licenses as well as fees that are based on sales price, volume or alcohol content.

• Adds an analysis of alcohol taxes and fees on prices and consumer consumption.

• Requires data to be provided from 2015 to 2024.

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