

# SENATE BILL REPORT

## SB 5054

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As of January 22, 2025

**Title:** An act relating to providing tax exemption for the first 20,000 gallons of wine sold by a winery in Washington.

**Brief Description:** Providing tax exemption for the first 20,000 gallons of wine sold by a winery in Washington.

**Sponsors:** Senators Warnick, Stanford, Boehnke, Chapman, Dozier and Nobles.

**Brief History:**

**Committee Activity:** Labor & Commerce: 1/24/25.

**Brief Summary of Bill**

- Reduces the excise tax rate on wine for a winery in Washington that sells less than a combined total of 20,000 gallons of wine and cider in a calendar year.

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### SENATE COMMITTEE ON LABOR & COMMERCE

**Staff:** Marlon Llanes (786-7423)

**Background:** Wine and Cider Taxes. Wine is taxed when it is sold to distributors, retailers, or consumers. The total excise tax rate on wine or cider consists of the base tax rate and additional taxes required by statute. The total tax rate for table wines is \$0.2292 per liter. The total tax rate for cider is \$0.0814 per liter.

Revenue collected from base taxes are deposited in the Liquor Revolving Fund. The Liquor and Cannabis Board is authorized to allocate a specified amount of base tax revenue to Washington State University for wine and grape research.

Most of the revenue collected from the additional taxes are deposited into the state General

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

Fund. The Washington Wine Commission receives revenue collected from the two following additional taxes on wine and cider:

- \$0.0025 per liter of wine.
- \$0.0005 per liter of cider.

Tax Preference. A tax preference includes an exemption or preferential rate for a tax. Legislation that proposes a new tax preference must include a performance statement that specifies the public policy objectives of the tax preference and the metrics that will be used to evaluate the tax preference. An automatic ten-year expiration date is applied to new tax preferences if an alternate expiration date is not provided.

Definitions.

- cider means table wine that contains no less than 0.5 percent of alcohol by volume (ABV) and not more than 8.5 percent of ABV and is made from normal alcoholic fermentation of the juice of sound, ripe apples or pears, and includes flavored, sparkling, or carbonated cider.
- table wine refers to wine containing no more than 14 percent of ABV when bottled or packaged by the manufacturer.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** Wine and Cider Taxes. A winery that sells less than a combined total of 20,000 gallons of table wine and cider in a calendar year is subject to a reduced tax rate of \$0.0528 per liter of table wine and cider. A winery that qualifies for this tax rate is not subject to most other excise taxes on wine and cider, except for the additional taxes for which revenues are distributed to the Washington Wine Commission.

The revenues from the reduced tax rate on table wine and cider must be deposited in the Liquor Revolving Fund and are subject to allocation to Washington State University.

Tax Preference. A tax preference performance statement is included that states the Legislature's intent to promote the development of small wineries and the jobs they provide, and to extend this tax preference if a review finds the preference accomplishes its specified goals.

**Appropriation:** None.

**Fiscal Note:** Requested on January 17, 2025.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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