
ENGROSSED SUBSTITUTE SENATE BILL 5368

State of Washington 69th Legislature 2025 Regular Session

By Senate Labor & Commerce (originally sponsored by Senator Chapman)

READ FIRST TIME 02/18/25.

1 AN ACT Relating to studying taxes and fees related to alcohol;
2 creating a new section; and providing an expiration date.

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

4 NEW SECTION. **Sec. 1.** (1) The Washington state institute for
5 public policy must conduct a study regarding Washington state's
6 current system of alcohol taxation and fees and produce a final
7 report as described in this section. The report is specific to taxes
8 and fees where the amount of the tax or fee is based on the sales
9 price, sales volume, or alcohol content of the alcohol product.

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

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

14 (b) Current and historical tax and fee rates by tax or fee type;

15 (c) Annual sales in the state of spirits, wine, and beer in total
16 and per capita over the past five years;

17 (d) Annual spirits, wine, and beer tax and fee revenues generated
18 in the state over the past five years in total and by tax or fee
19 type;

1 (e) Annual spirits, wine, and beer tax and fee revenues per
2 capita generated in the state over the past five years in total and
3 by tax or fee type;

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

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

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

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

17 (iv) The information required in (c), (d), and (e) of this
18 subsection ranging from 2008 to 2020;

19 (v) Estimated costs to transition to a tax system in the state
20 where tax rates are determined solely by the alcohol content of
21 products, the estimated annual costs to administer this system, and
22 the estimated tax revenue of this system;

23 (vi) Estimated tax rates for spirits, beer, and wine that would
24 have to be applied to maintain a revenue neutral tax system in the
25 state if tax rates were based solely on the alcohol content of
26 products; and

27 (vii) An analysis of the economic impact of the state's
28 breweries, wineries, and distilleries, and potential changes to the
29 economic impact if tax rates were based solely on the alcohol content
30 of products. For the purposes of this subsection, "economic impact"
31 includes the number and average wage of local jobs.

32 (3) The Washington state institute for public policy must submit
33 a final report to the relevant committees of the legislature by June
34 30, 2026.

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

38 (5) This section expires July 1, 2026.

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