
HOUSE BILL 1817

State of Washington

54th Legislature

1995 Regular Session

By Representatives Pennington, Crouse, Sherstad, Sheldon, Mielke, Dyer, Delvin, Radcliff, Casada, Stevens, Honeyford, Thompson, Koster, Benton, Carlson, Schoesler, Carrell, Campbell, Reams, Mitchell, Padden, Elliot, Robertson, K. Schmidt, Van Luven, D. Schmidt, L. Thomas, Smith, Lisk, Johnson, Ballasiotes, Chandler, Fuhrman, McMorris, Huff, Lambert, Sehlin, Foreman, Hargrove, Brumsickle, Hymes, Buck, Skinner, Blanton, B. Thomas and Hickel

Read first time 02/10/95. Referred to Committee on Finance.

1 AN ACT Relating to taxes for health care services; amending RCW
2 82.24.020, 82.08.150, and 66.24.290; providing an effective date; and
3 declaring an emergency.

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

5 **Sec. 1.** RCW 82.24.020 and 1994 sp.s. c 7 s 904 are each amended to
6 read as follows:

7 (1) There is levied and there shall be collected as provided in
8 this chapter, a tax upon the sale, use, consumption, handling,
9 possession or distribution of all cigarettes, in an amount equal to the
10 rate of eleven and one-half mills per cigarette.

11 (2) An additional tax is imposed upon the sale, use, consumption,
12 handling, possession, or distribution of all cigarettes, in an amount
13 equal to the rate of five and one-fourth mills per cigarette. All
14 revenues collected during any month from this additional tax shall be
15 deposited in the violence reduction and drug enforcement account under
16 RCW 69.50.520 by the twenty-fifth day of the following month.

17 (3) An additional tax is imposed upon the sale, use, consumption,
18 handling, possession, or distribution of all cigarettes, in an amount
19 equal to the rate of ten mills per cigarette through June 30, 1994,

1 eleven and one-fourth mills per cigarette for the period July 1, 1994,
2 through June 30, 1995, (~~twenty mills per cigarette for the period July~~
3 ~~1, 1995, through June 30, 1996, and twenty and one-half mills per~~
4 ~~cigarette~~)) and thereafter. All revenues collected during any month
5 from this additional tax shall be deposited in the health services
6 account created under RCW 43.72.900 by the twenty-fifth day of the
7 following month.

8 (4) Wholesalers and retailers subject to the payment of this tax
9 may, if they wish, absorb one-half mill per cigarette of the tax and
10 not pass it on to purchasers without being in violation of this section
11 or any other act relating to the sale or taxation of cigarettes.

12 (5) For purposes of this chapter, "possession" shall mean both (a)
13 physical possession by the purchaser and, (b) when cigarettes are being
14 transported to or held for the purchaser or his or her designee by a
15 person other than the purchaser, constructive possession by the
16 purchaser or his or her designee, which constructive possession shall
17 be deemed to occur at the location of the cigarettes being so
18 transported or held.

19 **Sec. 2.** RCW 82.08.150 and 1994 sp.s. c 7 s 903 are each amended to
20 read as follows:

21 (1) There is levied and shall be collected a tax upon each retail
22 sale of spirits, or strong beer in the original package at the rate of
23 fifteen percent of the selling price. The tax imposed in this
24 subsection shall apply to all such sales including sales by the
25 Washington state liquor stores and agencies, but excluding sales to
26 class H licensees.

27 (2) There is levied and shall be collected a tax upon each sale of
28 spirits, or strong beer in the original package at the rate of ten
29 percent of the selling price on sales by Washington state liquor stores
30 and agencies to class H licensees.

31 (3) There is levied and shall be collected an additional tax upon
32 each retail sale of spirits in the original package at the rate of one
33 dollar and seventy-two cents per liter. The additional tax imposed in
34 this subsection shall apply to all such sales including sales by
35 Washington state liquor stores and agencies, and including sales to
36 class H licensees.

1 (4) An additional tax is imposed equal to fourteen percent
2 multiplied by the taxes payable under subsections (1), (2), and (3) of
3 this section.

4 (5) An additional tax is imposed upon each retail sale of spirits
5 in the original package at the rate of seven cents per liter. The
6 additional tax imposed in this subsection shall apply to all such sales
7 including sales by Washington state liquor stores and agencies, and
8 including sales to class H licensees. All revenues collected during
9 any month from this additional tax shall be deposited in the violence
10 reduction and drug enforcement account under RCW 69.50.520 by the
11 twenty-fifth day of the following month.

12 (6)(a) An additional tax is imposed upon retail sale of spirits in
13 the original package at the rate of one and seven-tenths percent of the
14 selling price through June 30, 1995, (~~two and six tenths percent of~~
15 ~~the selling price for the period July 1, 1995, through June 30, 1997,~~
16 ~~and three and four tenths of the selling price)) and thereafter. This
17 additional tax applies to all such sales including sales by Washington
18 state liquor stores and agencies, but excluding sales to class H
19 licensees.~~

20 (b) An additional tax is imposed upon retail sale of spirits in the
21 original package at the rate of one and one-tenth percent of the
22 selling price through June 30, 1995, (~~one and seven tenths percent of~~
23 ~~the selling price for the period July 1, 1995, through June 30, 1997,~~
24 ~~and two and three tenths of the selling price)) and thereafter. This
25 additional tax applies to all such sales to class H licensees.~~

26 (c) An additional tax is imposed upon each retail sale of spirits
27 in the original package at the rate of twenty cents per liter through
28 June 30, 1995, (~~thirty cents per liter for the period July 1, 1995,~~
29 ~~through June 30, 1997, and forty one cents per liter)) and thereafter.
30 This additional tax applies to all such sales including sales by
31 Washington state liquor stores and agencies, and including sales to
32 class H licensees.~~

33 (d) All revenues collected during any month from additional taxes
34 under this subsection shall be deposited in the health services account
35 created under RCW 43.72.900 by the twenty-fifth day of the following
36 month.

37 (7) The tax imposed in RCW 82.08.020 shall not apply to sales of
38 spirits or strong beer in the original package.

1 (8) The taxes imposed in this section shall be paid by the buyer to
2 the seller, and each seller shall collect from the buyer the full
3 amount of the tax payable in respect to each taxable sale under this
4 section. The taxes required by this section to be collected by the
5 seller shall be stated separately from the selling price and for
6 purposes of determining the tax due from the buyer to the seller, it
7 shall be conclusively presumed that the selling price quoted in any
8 price list does not include the taxes imposed by this section.

9 (9) As used in this section, the terms, "spirits," "strong beer,"
10 and "package" shall have the meaning ascribed to them in chapter 66.04
11 RCW.

12 **Sec. 3.** RCW 66.24.290 and 1994 sp.s. c 7 s 902 are each amended to
13 read as follows:

14 (1) Any brewer or beer wholesaler licensed under this title may
15 sell and deliver beer to holders of authorized licenses direct, but to
16 no other person, other than the board; and every such brewer or beer
17 wholesaler shall report all sales to the board monthly, pursuant to the
18 regulations, and shall pay to the board as an added tax for the
19 privilege of manufacturing and selling the beer within the state a tax
20 of two dollars and sixty cents per barrel of thirty-one gallons on
21 sales to licensees within the state and on sales to licensees within
22 the state of bottled and canned beer shall pay a tax computed in
23 gallons at the rate of two dollars and sixty cents per barrel of
24 thirty-one gallons. Any brewer or beer wholesaler whose applicable tax
25 payment is not postmarked by the twentieth day following the month of
26 sale will be assessed a penalty at the rate of two percent per month or
27 fraction thereof. Each such brewer or wholesaler shall procure from
28 the board revenue stamps representing such tax in form prescribed by
29 the board and shall affix the same to the barrel or package in such
30 manner and in such denominations as required by the board, and shall
31 cancel the same prior to commencing delivery from his or her place of
32 business or warehouse of such barrels or packages. Beer shall be sold
33 by brewers and wholesalers in sealed barrels or packages. The revenue
34 stamps provided under this section need not be affixed and canceled in
35 the making of resales of barrels or packages already taxed by the
36 affixation and cancellation of stamps as provided in this section.

37 (2) An additional tax is imposed equal to seven percent multiplied
38 by the tax payable under subsection (1) of this section. All revenues

1 collected during any month from this additional tax shall be
2 transferred to the state general fund by the twenty-fifth day of the
3 following month.

4 (3) An additional tax is imposed on all beer subject to tax under
5 subsection (1) of this section. The additional tax is equal to two
6 dollars per barrel of thirty-one gallons. All revenues collected
7 during any month from this additional tax shall be deposited in the
8 violence reduction and drug enforcement account under RCW 69.50.520 by
9 the twenty-fifth day of the following month.

10 (4)(a) An additional tax is imposed on all beer subject to tax
11 under subsection (1) of this section. The additional tax is equal to
12 ninety-six cents per barrel of thirty-one gallons through June 30,
13 1995, (~~two dollars and thirty nine cents per barrel of thirty one~~
14 ~~gallons for the period July 1, 1995, through June 30, 1997, and four~~
15 ~~dollars and seventy eight cents per barrel of thirty one gallons~~) and
16 thereafter.

17 (b) The additional tax imposed under this subsection does not apply
18 to the sale of the first sixty thousand barrels of beer each year by
19 breweries that are entitled to a reduced rate of tax under 26 U.S.C.
20 Sec. 5051, as existing on July 1, 1993, or such subsequent date as may
21 be provided by the board by rule consistent with the purposes of this
22 exemption.

23 (c) All revenues collected from the additional tax imposed under
24 this subsection (4) shall be deposited in the health services account
25 under RCW 43.72.900.

26 (5) The tax imposed under this section shall not apply to "strong
27 beer" as defined in this title.

28 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
29 preservation of the public peace, health, or safety, or support of the
30 state government and its existing public institutions, and shall take
31 effect July 1, 1995.

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