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**SUBSTITUTE SENATE BILL 5406**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Senate Labor & Commerce (originally sponsored by Senators Warnick and Wagoner)

READ FIRST TIME 02/14/19.

1 AN ACT Relating to providing small winery tax relief; reenacting  
2 and amending RCW 66.24.210; and creating a new section.

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

4 **Sec. 1.** RCW 66.24.210 and 2016 c 235 s 12 and 2016 c 225 s 1 are  
5 each reenacted and amended to read as follows:

6 (1) (a) There is hereby imposed upon all wines except cider sold  
7 to wine distributors within the state a tax at the rate of twenty and  
8 one-fourth cents per liter. Any domestic winery or certificate of  
9 approval holder acting as a distributor of its own production must  
10 pay taxes imposed by this section. There is hereby imposed on all  
11 cider sold to wine distributors within the state a tax at the rate of  
12 three and fifty-nine one-hundredths cents per liter. However, the  
13 following are not subject to tax under this section:

14 (i) Wine sold or shipped in bulk from one winery to another  
15 winery ((is not subject to such tax)); and

16 (ii) For any winery that produced not more than fifty thousand  
17 gallons of wine per calendar year, the winery's sales of the first  
18 twenty thousand gallons of wine in a calendar year, except any amount  
19 of such tax that may be designated for disbursement to the Washington  
20 wine commission for use in carrying out the purposes of chapter 15.88  
21 RCW or to the Washington State University under RCW 66.08.180(4).

1       (~~(a)~~) (b) The tax provided for in this section (~~(shall)~~) must  
2 be collected by direct payments based on wine purchased by wine  
3 distributors.

4       (~~(b)~~) (c) Except as provided in subsection (7) of this section,  
5 every person purchasing wine under the provisions of this section  
6 must on or before the twentieth day of each month report to the board  
7 all purchases during the preceding calendar month in such manner and  
8 upon such forms as may be prescribed by the board, and with such  
9 report must pay the tax due from the purchases covered by such report  
10 unless the same has previously been paid. Any such purchaser of wine  
11 whose applicable tax payment is not postmarked by the twentieth day  
12 following the month of purchase will be assessed a penalty at the  
13 rate of two percent a month or fraction thereof. The board may  
14 require that every such person (~~(shall)~~) must execute to and file  
15 with the board a bond to be approved by the board, in such amount as  
16 the board may fix, securing the payment of the tax. If any such  
17 person fails to pay the tax when due, the board may suspend or cancel  
18 the license until all taxes are paid.

19       (~~(e)~~) (d) Any licensed retailer authorized to purchase wine  
20 from a certificate of approval holder with a direct shipment  
21 endorsement or a domestic winery must make monthly reports to the  
22 liquor and cannabis board on wine purchased during the preceding  
23 calendar month in the manner and upon such forms as may be prescribed  
24 by the board.

25       (2) An additional tax is imposed equal to the rate specified in  
26 RCW 82.02.030 multiplied by the tax payable under subsection (1) of  
27 this section. All revenues collected during any month from this  
28 additional tax must be transferred to the state general fund by the  
29 twenty-fifth day of the following month.

30       (3) An additional tax is imposed on wines subject to tax under  
31 subsection (1) of this section, at the rate of one-fourth of one cent  
32 per liter for wine sold after June 30, 1987. After June 30, 1996,  
33 such additional tax does not apply to cider. An additional tax of  
34 five one-hundredths of one cent per liter is imposed on cider sold  
35 after June 30, 1996. All revenues collected under this subsection (3)  
36 shall be disbursed quarterly to the Washington wine commission for  
37 use in carrying out the purposes of chapter 15.88 RCW.

38       (4) An additional tax is imposed on all wine subject to tax under  
39 subsection (1) of this section. The additional tax is equal to  
40 twenty-three and forty-four one-hundredths cents per liter on

1 fortified wine as defined in RCW 66.04.010 when bottled or packaged  
2 by the manufacturer, one cent per liter on all other wine except  
3 cider, and eighteen one-hundredths of one cent per liter on cider.  
4 All revenues collected during any month from this additional tax  
5 (~~shall~~) must be deposited in the state general fund by the twenty-  
6 fifth day of the following month.

7 (5) (a) An additional tax is imposed on all cider subject to tax  
8 under subsection (1) of this section. The additional tax is equal to  
9 two and four one-hundredths cents per liter of cider sold after June  
10 30, 1996, and before July 1, 1997, and is equal to four and seven  
11 one-hundredths cents per liter of cider sold after June 30, 1997.

12 (b) All revenues collected from the additional tax imposed under  
13 this subsection (5) must be deposited in the state general fund.

14 (6) For the purposes of this section, "cider" means table wine  
15 that contains not less than one-half of one percent of alcohol by  
16 volume and not more than seven percent of alcohol by volume and is  
17 made from the normal alcoholic fermentation of the juice of sound,  
18 ripe apples or pears. "Cider" includes, but is not limited to,  
19 flavored, sparkling, or carbonated cider and cider made from  
20 condensed apple or pear must.

21 (7) For the purposes of this section, out-of-state wineries must  
22 pay taxes under this section on wine sold and shipped directly to  
23 Washington state residents in a manner consistent with the  
24 requirements of a wine distributor under subsections (1) through (4)  
25 of this section, except wineries (~~shall be~~) are responsible for the  
26 tax and not the resident purchaser.

27 (8) Notwithstanding any other provision of this section, any  
28 domestic winery or wine certificate of approval holder acting as a  
29 distributor of its own production that had total taxable sales of  
30 wine in Washington state of six thousand gallons or less during the  
31 calendar year preceding the date on which the tax would otherwise be  
32 due is not required to pay taxes under this section more often than  
33 annually.

34 NEW SECTION. **Sec. 2.** This act is exempt from the provisions of  
35 RCW 82.32.805 and 82.32.808.

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