

HOUSE BILL REPORT

HB 1741

As Reported By House Committee On:

Agriculture & Ecology

Title: An act relating to moneys for wine and wine grape research.

Brief Description: Providing moneys for wine and wine grape research.

Sponsors: Representatives Chandler and Mastin.

Brief History:

Committee Activity:

Agriculture & Ecology: 2/22/95 [DPS].

HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 17 members: Representatives Chandler, Chairman; Koster, Vice Chairman; McMorris, Vice Chairman; Mastin, Ranking Minority Member; Chappell, Assistant Ranking Minority Member; Boldt; Clements; Delvin; R. Fisher; Honeyford; Johnson; Kremen; Poulsen; Regala; Robertson; Rust and Schoesler.

Staff: Kenneth Hirst (786-7105).

Background: State law levies a base tax of 20.25 cents per liter plus an additional 7 percent surcharge on that base rate on all wine sold to wine wholesalers and to the Liquor Control Board. An additional tax of 0.25 cent per liter is levied on such wine for the support of the Washington Wine Commission. This additional tax expires July 1, 2001. An additional tax of 23.54 cents per liter on fortified wine and 1 cent per liter on other wine is levied for deposit in the Violence Reduction and Drug Enforcement Account. The extension of this latter tax beyond July 1, 1995, was ratified by the voters as part of Referendum Bill Number 43.

Those portions of the tax deposited in the Liquor Revolving Fund, less certain administrative expenses, are to be distributed as specified by statute. An amount equal to 0.25 cent per liter of these taxes is to be disbursed to Washington State University (WSU) for wine and wine grape research and related extension and resident instruction. An amount equal to 0.3 percent of the monies surplus to this and other dedicated uses of the revolving fund is to be distributed to the Department of

Community, Trade, and Economic Development. After this amount has been deducted, 50 percent of the remainder is to be deposited in the general fund.

Summary of Substitute Bill: Of the monies from the wine tax currently deposited in the general fund, an amount equal to 0.50 cent per liter is to be distributed to WSU for wine and wine grape research and related extension and resident instruction. This amount is in addition to the 0.25 cent per liter currently distributed to WSU for this purpose. WSU must confer with a wine research advisory board appointed by the Wine Commission when formulating or changing plans for these programs.

Substitute Bill Compared to Original Bill: The substitute bill requires WSU to confer with an advisory committee of the Wine Commission when making plans or changes in the research or related programs, and corrects certain references in the original bill.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: (1) Washington contributes only a small fraction of the total amount of wine produced but ranks high in the production of premium wines; one prestigious magazine lists six Washington wines in the top 100. Although Washington wine sales in this state have grown and the state's industry is growing, total wine sales in the state, and therefore wine tax revenues, have remained flat. More research is needed to keep pace with the growing industry. (2) Research is needed to help defend the state against a devastating disease that historically nearly wiped out the wine industry and is currently destroying vineyards in California. The disease has been detected in Washington. (3) Research is also needed to respond to this state's unique conditions, such as the occasional Arctic blast of cold air. (4) WSU's research has provided information for reducing crop water needs by 60 percent and reducing pesticide use by grape growers.

Testimony Against: None.

Testified: Victoria Chiechi, Washington Wine Institute (pro); Kay Simon, Washington Wine Institute (pro); and Sara Spayd, Washington State University (commented).