

# SENATE BILL REPORT

## SB 5808

---

As Reported By Senate Committee On:  
Commerce & Labor, February 28, 1997

**Title:** An act relating to reducing the tax on spirits for the state general fund.

**Brief Description:** Reducing the tax on spirits for the state general fund.

**Sponsors:** Senators Horn, Bauer, Sheldon, Wojahn, Schow and West.

**Brief History:**

**Committee Activity:** Commerce & Labor: 2/25/97, 2/28/97 [w/oRec-WM, DNRef-WM].

---

### SENATE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** That it be referred to Committee on Ways & Means without recommendation.

Signed by Senators Schow, Chair; Horn, Vice Chair; Anderson and Newhouse.

**Minority Report:** Do not refer to Committee on Ways & Means.

Signed by Senator Heavey.

**Staff:** Traci Ratzliff (786-7452)

**Background:** Currently, a consumer who purchases spirits or strong beer (containing over 8 percent of alcohol) from a state liquor store (or agency store) pays a tax of 15 percent on the sales price of such beverages. An additional surtax of 14 percent is imposed on such sales. A class H liquor licensee who purchases spirits or strong beer from a state liquor store (or agency store) pays a tax of 10 percent on the sales price of such beverages. An additional surtax of 14 percent is imposed on such sales. A consumer or class H liquor licensee pays an additional tax of \$1.72 per liter on the purchase of spirits from a state liquor store (or agency store). An additional surtax of 14 percent is imposed on such sales. Funds generated from these taxes are deposited into the general fund.

**Summary of Bill:** The surtaxes imposed on the purchase of spirits and strong beer are modified. The 14 percent surtax on the purchase of spirits or strong beer by consumers is reduced to 8.665 percent. The 14 percent surtax on the purchase of spirits or strong beer by class H licensees is reduced to 8.0 percent. The 14 percent surtax on the sale of spirits to consumers and class H licensees is reduced to 7.605 percent.

**Appropriation:** None.

**Fiscal Note:** Requested on February 18, 1997.

**Effective Date:** The bill contains an emergency clause and takes effect July 1, 1997.

**Testimony For:** Distilled spirits are the highest taxed commodity in the state. This impacts the consumer's choice regarding where to purchase and the state, as well, as more sales take place in neighboring states where taxes are lower.

**Testimony Against:** None.

**Testified:** PRO: Frank Warnke, Distilled Spirits Council of the United States; Jim Halstrom, Seagrams & Sons.