

SENATE BILL REPORT

SB 6637

As Reported By Senate Committee On:
Commerce & Labor, February 6, 1998

Title: An act relating to low alcohol beverage coolers.

Brief Description: Defining low alcohol beverage coolers.

Sponsors: Senators Schow, Bauer and Rasmussen.

Brief History:

Committee Activity: Commerce & Labor: 2/3/98, 2/6/98 [DPS].

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: That Substitute Senate Bill No. 6637 be substituted therefor, and the substitute bill do pass.

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

Staff: Traci Ratzliff (786-7452)

Background: Under current law, a liter tax of \$2.44 per liter is imposed on all spiritous liquor (beverages containing distilled alcohol), including wines exceeding 24 percent of alcohol by volume. A sales tax of 20.5 percent is imposed on the sale of such beverages to consumers.

A liter tax of .22 cents per liter is imposed on table wines containing not more than 14 percent of alcohol by volume. The general sales tax (6.5 percent state and local add-on) is imposed on the sale of these beverages to consumers.

The spiritous liquor liter tax of \$2.44 per liter is imposed on low-alcohol beverage coolers. These beverages contain no more than 7.5 percent of alcohol by volume and other non-alcoholic beverages or flavorings. A sales tax of 20.5 percent is imposed on the sale of such beverages to consumers. These beverages are sold only in state liquor stores.

Summary of Substitute Bill: A new liter tax is established for low alcohol beverage coolers. A tax rate of .2167 cents per liter is established for such beverages.

Low alcohol beverage coolers are defined as beverages containing no more than seven and one-half percent of alcohol by volume and other non-alcoholic beverages or flavorings.

Substitute Bill Compared to Original Bill: The original bill was not considered.

Appropriation: None.

Fiscal Note: Requested on January 30, 1998.

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

Testimony For: This bill seeks to have spirit based coolers treated in a similar manner as other low alcohol coolers as it relates to the taxation of such beverages.

Testimony Against: Currently we treat various types of alcoholic beverages (beer, wine and spirits) differently as it relates to the taxation and regulation of these beverages. The board does not support beginning to arbitrarily tax and perhaps regulate beverages differently based solely on the alcohol content of such beverages.

Testified: PRO: Darrin Levy and Mark Smith, Brown-Forman Corporation; Cathy Gidroavo, former director of Alcohol Beverage Control Board, State of Virginia; CON (on original bill): Sid Abrams, California Wine Institute; Steve Burns, Washington Wine Institute. Dick Ducharme, Beer and Wine Wholesalers Association; Stu Halstan, Coors Brewing Company; Nate Ford, Chair, Liquor Control Board.