
HOUSE BILL 2514

State of Washington

56th Legislature

2000 Regular Session

By Representatives Reardon, Cox and Cooper; by request of Department of Revenue

Read first time 01/14/2000. Referred to Committee on Finance.

1 AN ACT Relating to revising the tobacco products tax by closing a
2 loophole for persons who acquire tobacco products from persons over
3 whom the state has no jurisdiction; amending RCW 82.26.010, 82.26.020,
4 82.26.025, and 82.26.030; and providing an effective date.

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

6 **Sec. 1.** RCW 82.26.010 and 1995 c 278 s 16 are each amended to read
7 as follows:

8 As used in this chapter:

9 (1) "Tobacco products" means cigars, cheroots, stogies, periques,
10 granulated, plug cut, crimp cut, ready rubbed, and other smoking
11 tobacco, snuff, snuff flour, cavendish, plug and twist tobacco, fine-
12 cut and other chewing tobaccos, shorts, refuse scraps, clippings,
13 cuttings and sweepings of tobacco, and other kinds and forms of
14 tobacco, prepared in such manner as to be suitable for chewing or
15 smoking in a pipe or otherwise, or both for chewing and smoking, but
16 shall not include cigarettes as defined in RCW 82.24.010;

17 (2) "Manufacturer" means a person who manufactures and sells
18 tobacco products;

1 (3) "Distributor" means (a) any person engaged in the business of
2 selling tobacco products in this state who brings, or causes to be
3 brought, into this state from without the state any tobacco products
4 for sale, (b) any person who makes, manufactures, or fabricates tobacco
5 products in this state for sale in this state, (c) any person engaged
6 in the business of selling tobacco products without this state who
7 ships or transports tobacco products to retailers in this state, to be
8 sold by those retailers, (d) any person engaged in the business of
9 selling tobacco products in this state who handles for sale any tobacco
10 products that are within this state but upon which tax has not been
11 imposed;

12 (4) "Subjobber" means any person, other than a manufacturer or
13 distributor, who buys tobacco products from a distributor and sells
14 them to persons other than the ultimate consumers;

15 (5) "Retailer" means any person engaged in the business of selling
16 tobacco products to ultimate consumers;

17 (6) "Sale" means any transfer, exchange, or barter, in any manner
18 or by any means whatsoever, for a consideration, and includes and means
19 all sales made by any person. It includes a gift by a person engaged
20 in the business of selling tobacco products, for advertising, as a
21 means of evading the provisions of this chapter, or for any other
22 purposes whatsoever;

23 (7) "Wholesale sales price" means the established price for which
24 a manufacturer sells a tobacco product to a distributor, exclusive of
25 any discount or other reduction;

26 (8) "Business" means any trade, occupation, activity, or enterprise
27 engaged in for the purpose of selling or distributing tobacco products
28 in this state;

29 (9) "Place of business" means any place where tobacco products are
30 sold or where tobacco products are manufactured, stored, or kept for
31 the purpose of sale or consumption, including any vessel, vehicle,
32 airplane, train, or vending machine;

33 (10) "Retail outlet" means each place of business from which
34 tobacco products are sold to consumers;

35 (11) "Department" means the state department of revenue.

36 **Sec. 2.** RCW 82.26.020 and 1993 c 492 s 309 are each amended to
37 read as follows:

1 (1) There is levied and there shall be collected a tax upon the
2 sale, use, consumption, handling, or distribution of all tobacco
3 products in this state at the rate of forty-five percent of the
4 wholesale sales price of such tobacco products.

5 (2) Taxes under this section shall be imposed at the time the
6 distributor (a) brings, or causes to be brought, into this state from
7 without the state tobacco products for sale, (b) makes, manufactures,
8 or fabricates tobacco products in this state for sale in this state,
9 ((or)) (c) ships or transports tobacco products to retailers in this
10 state, to be sold by those retailers, or (d) handles for sale any
11 tobacco products that are within this state but upon which tax has not
12 been imposed.

13 (3) An additional tax is imposed equal to seven percent multiplied
14 by the tax payable under subsection (1) of this section.

15 (4) An additional tax is imposed equal to ten percent of the
16 wholesale sales price of tobacco products. The moneys collected under
17 this subsection shall be deposited in the health services account
18 created under RCW 43.72.900.

19 **Sec. 3.** RCW 82.26.025 and 1999 c 309 s 926 are each amended to
20 read as follows:

21 (1) In addition to the taxes imposed under RCW 82.26.020, there is
22 levied and there shall be collected a tax upon the sale, use,
23 consumption, handling, or distribution of all tobacco products in this
24 state at the rate of sixteen and three-fourths percent of the wholesale
25 sales price of such tobacco products. Such tax shall be imposed at the
26 time the distributor (a) brings, or causes to be brought, into this
27 state from without the state tobacco products for sale, (b) makes,
28 manufactures, or fabricates tobacco products in this state for sale in
29 this state, ((or)) (c) ships or transports tobacco products to
30 retailers in this state, to be sold by those retailers, or (d) handles
31 for sale any tobacco products that are within this state but upon which
32 tax has not been imposed.

33 (2) The moneys collected under this section shall be deposited as
34 follows:

35 (a) For the period ending July 1, 1999, in the water quality
36 account under RCW 70.146.030;

1 (b) For the period beginning July 1, 1999, through June 30, 2001,
2 fifty percent into the violence reduction and drug enforcement account
3 under RCW 69.50.520 and fifty percent into the salmon recovery account;

4 (c) For the period beginning July 1, 2001, through June 30, 2021,
5 into the water quality account under RCW 70.146.030; and

6 (d) For the period beginning July 1, 2021, in the general fund.

7 **Sec. 4.** RCW 82.26.030 and 1961 c 15 s 82.26.030 are each amended
8 to read as follows:

9 It is the intent and purpose of this chapter to levy a tax on all
10 tobacco products sold, used, consumed, handled, or distributed within
11 this state and to collect the tax from the distributor as defined in
12 RCW 82.26.010. It is the further intent and purpose of this chapter to
13 impose the tax once, and only once, on all tobacco products for sale in
14 this state, but nothing in this chapter shall be construed to exempt
15 any person taxable under any other law or under any other tax imposed
16 under Title 82 RCW.

17 NEW SECTION. **Sec. 5.** This act takes effect July 1, 2000.

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