

SENATE BILL REPORT

SB 6831

As of February 5, 2008

Title: An act relating to improving the efficiency of excise tax collections from small domestic wineries.

Brief Description: Improving the efficiency of excise tax collections from small domestic wineries.

Sponsors: Senators Murray, Holmquist, Marr, Rasmussen, Kohl-Welles and McAuliffe.

Brief History:

Committee Activity: Ways & Means: 2/04/08.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Wine sold in this state is subject to an excise tax. This includes wine sold to distributors, to the Liquor Control Board, to consumers and to retailers. The excise tax is reported monthly to the Liquor Control Board.

The wine excise tax is distributed to the general fund, cities, counties, Washington State University for research, the health services account, the violence reduction and drug enforcement account, and to the Washington Wine Commission

Summary of Bill: Domestic wineries that produce less than 100,000 gallons of wine in the previous tax year, may not be required to report to the liquor control more frequently than annually.

Appropriation: None.

Fiscal Note: Requested on January 29, 2008.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect July 1, 2008.

Staff Summary of Public Testimony: PRO: There are hundreds of small wineries in this state and the large trade associations tend to dominate the policy. The federal government only makes us pay our taxes once a year. This bill would save us, and the Liquor Control Board, a lot of paperwork and time.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

OTHER: We have concerns as to the adverse financial impact to the wine commission. We receive our distributions monthly and this would push 25 percent of the distributions to the end of the year. This would impact our marketing strategies and effect our ability to act on marketing opportunities. We feel that this bill is potentially unconstitutional as it treats in-state wineries different than out-of-state wineries. We should look at taxes paid rather than volume to determine reporting frequency. We would like to make this bill work and fix the problems in the bill.

Persons Testifying: PRO: Syd Abrams, Family Wine Makers of Washington.

OTHER: Robin Pollard, Washington Wine Commission; Scott Hazlegrove, Wine Institute; Jean Leonard, Washington Wine Institute.