

# HOUSE BILL REPORT

## SB 5259

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### As Reported by House Committee On: Ways & Means

**Title:** An act relating to the tax payment and reporting requirements of small wineries.

**Brief Description:** Concerning the tax payment and reporting requirements of small wineries.

**Sponsors:** Senators Kline, Honeyford, Kohl-Welles, Carrell and Schoesler.

#### **Brief History:**

##### **Committee Activity:**

Ways & Means: 2/15/12, 2/20/12 [DP].

#### **Brief Summary of Bill**

- Allows wineries and wine distributors that have less than 6,000 gallons of total taxable sales in Washington to pay wine liter taxes annually, rather than monthly.

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### HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass. Signed by 27 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Carlyle, Chandler, Cody, Dickerson, Haigh, Haler, Hinkle, Hudgins, Hunt, Kagi, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer, Sullivan and Wilcox.

**Staff:** Jeff Olsen (786-7175).

#### **Background:**

The Liquor Control Board (LCB) administers the wine tax on wine sold in Washington. The wine tax rates are \$0.2292 per liter for table wines, \$0.4536 per liter for fortified wines, and \$0.0814 per liter for cider. Revenue generated from the wine liter tax is distributed to the Liquor Revolving Account, the General Fund, and to cities and counties. A portion of the

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liter tax revenue is also disbursed quarterly to the Washington Wine Commission and to Washington State University for wine and grape research.

Wineries, wine distributors, importers, and holders of certificates of approval must submit a liter tax along with a wine tax report to the LCB on a monthly basis.

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**Summary of Bill:**

Wineries, wine distributors, importers, and holders of certificates of approval that have total taxable sales of wine in Washington of 6,000 gallons or less during the calendar year preceding the tax due date are not required to pay taxes more often than annually.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This bill simplifies the tax reporting process for small wineries. The ability to report taxes annually, rather than monthly, will benefit an estimated 300-400 small wineries. The LCB is currently upgrading their reporting system and can make this change to their system.

(Opposed) None.

**Persons Testifying:** Senator Kline, prime sponsor; and Paul Beveridge, Family Wineries of Washington State.

**Persons Signed In To Testify But Not Testifying:** None.