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HOUSE BILL 1482

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State of Washington

62nd Legislature

2011 Regular Session

By Representatives Finn, Warnick, and Johnson

Read first time 01/24/11. Referred to Committee on State Government & Tribal Affairs.

1 AN ACT Relating to wine shipments; and amending RCW 66.20.360,  
2 66.20.365, 66.20.370, 66.20.375, 66.20.380, 66.20.385, 66.20.390, and  
3 66.24.210.

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

5 **Sec. 1.** RCW 66.20.360 and 2006 c 49 s 1 are each amended to read  
6 as follows:

7 The holder of a license to manufacture (~~wine issued by this state~~  
8 ~~or another state may ship its~~), produce, blend, supply, furnish,  
9 import, wholesale, distribute, or retail wine to a person who is (~~a~~  
10 ~~resident of~~) in Washington and is twenty-one years of age or older for  
11 that person's personal use and not for resale.

12 **Sec. 2.** RCW 66.20.365 and 2006 c 49 s 2 are each amended to read  
13 as follows:

14 Before wine may be shipped by a (~~domestic winery or an~~  
15 ~~out of state winery to a person who is a resident of Washington, the~~  
16 ~~winery~~) licensee to a person who is in Washington, the licensee must:

17 (1) Obtain a wine shipper's permit under procedures prescribed by

1 the board by rule and pay a fee established by the board, if ((the  
2 winery is)) located outside the state; or

3 (2) Be licensed ((as a domestic winery)) by the board and have paid  
4 the annual license fee.

5 **Sec. 3.** RCW 66.20.370 and 2006 c 49 s 3 are each amended to read  
6 as follows:

7 (1) An applicant for a wine shipper's permit under RCW 66.20.365  
8 must:

9 (a) ((Operate a winery located in the United States;  
10 ~~(b)~~)) Provide the board a copy of its valid license ((to  
11 manufacture wine issued by another)) if located outside the state;

12 (c) Certify that it holds all state and federal licenses and  
13 permits necessary to operate ((a winery)) its licensed business; and

14 (d) Register with the department of revenue under RCW 82.32.030.

15 (2) Holders of a winery certificate of approval under RCW  
16 66.24.206(1)(a) are deemed to hold a wine shipper's permit without  
17 further application or fee, if the holder meets all requirements for a  
18 wine shipper's permit. A ((winery)) certificate of approval holder who  
19 wants to ship wine under its wine shipper's permit privilege must  
20 notify the liquor control board in a manner determined by the board  
21 before ((shipping any wine to a Washington consumer)) commencing  
22 shipment of wine to consumers in Washington.

23 (3) Holders of a wine shipper's permit must:

24 (a) Pay the tax under RCW 66.24.210 for sales of wine to Washington  
25 state residents; and

26 (b) Collect and remit to the department of revenue all applicable  
27 state and local sales and use taxes imposed by or under the authority  
28 of chapters 82.08, 82.12, and 82.14 RCW on all sales of wine delivered  
29 to buyers in this state, regardless of whether the permit holder has a  
30 physical presence in this state.

31 **Sec. 4.** RCW 66.20.375 and 2006 c 49 s 4 are each amended to read  
32 as follows:

33 (1) A ((domestic winery or a wine shipper's permit holder))  
34 licensee shipping wine to consumers in Washington must clearly label  
35 all wine cases or outside shipping packages of such wine ((sent into or

1 ~~out of this state under chapter 49, Laws of 2006))~~ to indicate that the  
2 package cannot be delivered to a person under twenty-one years of age  
3 or to an intoxicated person.

4 (2) A ~~((domestic winery or a wine shipper's permit holder))~~  
5 licensee shipping wine to consumers in Washington must ensure that the  
6 private carrier used to deliver wine (a) obtains the signature of the  
7 person who receives the wine upon delivery, (b) verifies the age of the  
8 recipient, and (c) verifies that the recipient does not appear  
9 intoxicated at the time of delivery.

10 **Sec. 5.** RCW 66.20.380 and 2006 c 49 s 5 are each amended to read  
11 as follows:

12 ~~((1))~~ A ~~((wine shipper's permit holder and a domestic winery))~~  
13 licensee shipping wine to consumers in Washington must report to the  
14 board, ~~((on or before the twentieth day of each month,))~~ all shipments  
15 of wine made ~~((during the preceding calendar month))~~ directly to  
16 Washington consumers ~~((under a wine shipper's permit or a domestic  
17 winery license in effect for all or any portion of the preceding  
18 year))~~. All reports will be on forms prescribed by the board, filed  
19 annually, except that for licensees shipping less than ten thousand  
20 cases annually to consumers in Washington, the board may specify lesser  
21 intervals, not more frequent than monthly.

22 ~~((2) A wine shipper's permit holder, a winery certificate of  
23 approval holder, or domestic winery who advertises or offers wine for  
24 direct shipment to customers within this state must clearly and  
25 conspicuously display the permit or license number in its  
26 advertising.))~~

27 **Sec. 6.** RCW 66.20.385 and 2006 c 49 s 6 are each amended to read  
28 as follows:

29 A fee for a wine shipper's permit may be established by the board.  
30 The initial annual fee may not exceed one hundred dollars, and annual  
31 renewal fees thereafter may not exceed fifty dollars. Application  
32 procedures must permit application by electronic means and fashioned so  
33 as to efficiently issue permits upon determination that the applicant  
34 is duly licensed and is not in violation of any provision of RCW  
35 66.20.360, 66.20.365, 66.20.370, 66.20.375, 66.20.380, 66.20.385,  
36 66.30.390, or 66.24.210.

1       **Sec. 7.** RCW 66.20.390 and 2006 c 49 s 7 are each amended to read  
2 as follows:

3       (1) Holders of a wine shipper's permit are deemed to have consented  
4 to the jurisdiction of Washington concerning enforcement of (~~chapter~~  
5 ~~49, Laws of 2006~~) RCW 66.20.360, 66.20.365, 66.20.370, 66.20.375,  
6 66.20.380, 66.20.385, 66.30.390, and 66.24.210 and all laws, rules, and  
7 regulations related to the shipment of wine from wine manufacturers  
8 directly to consumers.

9       (2)(~~(a)~~) A permit issued under (~~chapter 49, Laws of 2006 to a~~  
10 ~~wine manufacturer located outside this state~~) RCW 66.20.360,  
11 66.20.365, 66.20.370, 66.20.375, 66.20.380, 66.20.385, and 66.30.390 to  
12 a licensee who fails to comply with the provisions of (~~chapter 49,~~  
13 ~~Laws of 2006 shall~~) RCW 66.20.360, 66.20.365, 66.20.370, 66.20.375,  
14 66.20.380, 66.20.385, 66.30.390, and 66.24.210 must be suspended or  
15 revoked.

16       (~~(b) The privilege to ship wine directly to Washington consumers~~  
17 ~~under a domestic winery license shall be suspended or revoked if the~~  
18 ~~domestic winery fails to comply with the provisions of chapter 49, Laws~~  
19 ~~of 2006.~~)

20       **Sec. 8.** RCW 66.24.210 and 2009 c 479 s 42 are each amended to read  
21 as follows:

22       (1) There is (~~hereby~~) imposed upon all wines except cider sold to  
23 wine distributors and the Washington state liquor control board, within  
24 the state a tax at the rate of twenty and one-fourth cents per liter.  
25 Any domestic winery or certificate of approval holder acting as a  
26 distributor of its own production (~~shall~~) must pay taxes imposed by  
27 this section. There is (~~hereby~~) imposed on all cider sold to wine  
28 distributors and the Washington state liquor control board within the  
29 state a tax at the rate of three and fifty-nine one-hundredths cents  
30 per liter. However, wine sold or shipped in bulk from one winery to  
31 another winery shall not be subject to such tax.

32       (a) The tax provided for in this section (~~shall~~) must be  
33 collected by direct payments based on wine purchased by wine  
34 distributors.

35       (b) Except as provided in subsection (7) of this section, every  
36 person purchasing wine under the provisions of this section (~~shall~~)  
37 must on or before the twentieth day of each month report to the board

1 all purchases during the preceding calendar month in such manner and  
2 upon such forms as may be prescribed by the board, and with such report  
3 (~~shall~~) must pay the tax due from the purchases covered by such  
4 report unless the same has previously been paid. Any such purchaser of  
5 wine whose applicable tax payment is not postmarked by the twentieth  
6 day following the month of purchase will be assessed a penalty at the  
7 rate of two percent a month or fraction thereof. The board may require  
8 that every such person (~~shall~~) execute to and file with the board a  
9 bond to be approved by the board, in such amount as the board may fix,  
10 securing the payment of the tax. If any such person fails to pay the  
11 tax when due, the board may forthwith suspend or cancel the license  
12 until all taxes are paid.

13 (c) Any licensed retailer authorized to purchase wine from a  
14 certificate of approval holder with a direct shipment endorsement or a  
15 domestic winery (~~shall~~) must make monthly reports to the liquor  
16 control board on wine purchased during the preceding calendar month in  
17 the manner and upon such forms as may be prescribed by the board.

18 (2) An additional tax is imposed equal to the rate specified in RCW  
19 82.02.030 multiplied by the tax payable under subsection (1) of this  
20 section. All revenues collected during any month from this additional  
21 tax (~~shall~~) must be transferred to the state general fund by the  
22 twenty-fifth day of the following month.

23 (3) An additional tax is imposed on wines subject to tax under  
24 subsection (1) of this section, at the rate of one-fourth of one cent  
25 per liter for wine sold after June 30, 1987. After June 30, 1996, such  
26 additional tax does not apply to cider. An additional tax of five one-  
27 hundredths of one cent per liter is imposed on cider sold after June  
28 30, 1996. All revenues collected under this subsection (3) (~~shall~~)  
29 must be disbursed quarterly to the Washington wine commission for use  
30 in carrying out the purposes of chapter 15.88 RCW.

31 (4) An additional tax is imposed on all wine subject to tax under  
32 subsection (1) of this section. The additional tax is equal to twenty-  
33 three and forty-four one-hundredths cents per liter on fortified wine  
34 as defined in RCW 66.04.010 when bottled or packaged by the  
35 manufacturer, one cent per liter on all other wine except cider, and  
36 eighteen one-hundredths of one cent per liter on cider. All revenues  
37 collected during any month from this additional tax (~~shall~~) must be

1 deposited in the state general fund by the twenty-fifth day of the  
2 following month.

3 (5)(a) An additional tax is imposed on all cider subject to tax  
4 under subsection (1) of this section. The additional tax is equal to  
5 two and four one-hundredths cents per liter of cider sold after June  
6 30, 1996, and before July 1, 1997, and is equal to four and seven one-  
7 hundredths cents per liter of cider sold after June 30, 1997.

8 (b) All revenues collected from the additional tax imposed under  
9 this subsection (5) (~~shall~~) must be deposited in the state general  
10 fund.

11 (6) For the purposes of this section, "cider" means table wine that  
12 contains not less than one-half of one percent of alcohol by volume and  
13 not more than seven percent of alcohol by volume and is made from the  
14 normal alcoholic fermentation of the juice of sound, ripe apples or  
15 pears. "Cider" includes, but is not limited to, flavored, sparkling,  
16 or carbonated cider and cider made from condensed apple or pear must.

17 (7) (~~For the purposes of this section, out-of-state wineries~~  
18 ~~shall~~) Licenseses, other than retailers licensed by the board, selling  
19 and shipping wine to consumers in Washington must pay taxes under this  
20 section on such wine (~~sold and shipped directly to Washington state~~  
21 ~~residents~~) in a manner consistent with the requirements of a wine  
22 distributor under subsections (1) through (4) of this section(~~, except~~  
23 ~~wineries shall be responsible for the tax and not the resident~~  
24 ~~purchaser~~). The consumer in Washington is not be responsible for the  
25 tax.

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