
Commerce & Gaming Committee

SB 6325

Brief Description: Aligning the alcohol content definition of cider with the federal definition.

Sponsors: Senators Baumgartner, Ranker and Bailey.

Brief Summary of Bill

- Increases the maximum alcohol content of cider from not more than 7 percent alcohol by volume to not more than 8.5 percent alcohol by volume, similar to a recent increase of the maximum alcohol content of cider under federal law.

Hearing Date: 2/22/16

Staff: Peter Clodfelter (786-7127).

Background:

The Liquor and Cannabis Board administers the wine and cider tax on wine and cider sold in Washington State. The tax rates are \$0.2292 per liter for table wines, \$0.4536 per liter for fortified wines, and \$.0814 per liter for cider.

State Definition of Cider for Purposes of Taxation.

For purposes of taxation, cider is defined as table wine that contains not less than 0.5 percent alcohol by volume and not more than 7 percent alcohol by volume and that is made from the normal alcoholic fermentation of the juice of sound, ripe apples or pears. Cider includes, but is not limited to, flavored, sparkling, or carbonated cider and cider made from condensed apple or pear must. Without its own definition, cider would meet the definition of wine.

Wine is defined as any alcoholic beverage obtained by fermentation of fruits (grapes, berries, apples, et cetera) or other agricultural product containing sugar, to which any saccharine substances may have been added before, during, or after fermentation, and containing not more than 24 percent of alcohol by volume, including sweet wines fortified with wine spirits, such as port, sherry, muscatel, and angelica, not exceeding 24 percent alcohol by volume and not less

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than 0.5 percent alcohol by volume. Generally, beverages containing not more than 14 percent of alcohol by volume when bottled or packaged by the manufacturer are referred to as table wine, and beverages containing alcohol in an amount more than 14 percent by volume when bottled or packaged by the manufacturer are referred to as fortified wine.

Federal Definition of Cider for Purposes of Taxation.

In 2015 Congress changed the definition of "hard cider" in the Internal Revenue Code to increase the maximum alcohol content of hard cider from less than 7 percent alcohol by volume to less than 8.5 percent alcohol by volume. Hard cider is now defined, for purposes of federal tax law, as wine that:

- contains not more than 0.64 gram of carbon dioxide per 100 milliliters of wine, except that the Secretary of the Treasury may adopt rules prescribing such tolerances to this limitation as may be reasonably necessary in good commercial practice;
- is derived primarily from apples or pears, from apple juice concentrate and water, or from pear juice concentrate and water;
- contains no fruit product or fruit flavoring other than apple or pear; and
- contains at least 0.5 percent alcohol by volume and less than 8.5 percent alcohol by volume.

Summary of Bill:

State Definition of Cider for Purposes of Taxation.

The definition of "cider" is changed so that the maximum alcohol content of cider is 8.5 percent alcohol by volume, instead of 7 percent alcohol by volume.

Appropriation: None.

Fiscal Note: Not requested.

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