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**HOUSE BILL 1182**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Representative Wylie

Prefiled 01/06/23. Read first time 01/09/23. Referred to Committee on Regulated Substances & Gaming.

1 AN ACT Relating to providing a tax exemption for the first 20,000  
2 gallons of wine sold by a winery in Washington; adding a new section  
3 to chapter 66.24 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 66.24  
6 RCW to read as follows:

7 (1) Except as otherwise provided in this chapter, a winery's sale  
8 of the first 20,000 gallons of wine in a calendar year is not subject  
9 to tax pursuant to this chapter, except any amount of such tax that  
10 may be designated for disbursement to the Washington wine commission  
11 for use in carrying out the purposes of chapter 15.88 RCW or to the  
12 Washington State University under RCW 66.08.180(4).

13 (2) For the purposes of this section:

14 (a) "Wine" has the same meaning as in RCW 66.04.010.

15 (b) "Wine distributor" has the same meaning as in RCW 66.04.010.

16 (c) "Winery" has the same meaning as "winery" and "domestic  
17 winery" in RCW 66.04.010.

18 (d) "Winery sales" means taxable sales in Washington, including  
19 sales to wine distributors. "Winery sales" does not include exports  
20 from the state.

1        NEW SECTION.    **Sec. 2.**    (1) This section is the tax preference  
2 performance statement for the tax preference contained in section 1,  
3 chapter . . . , Laws of 2023 (section 1 of this act). This performance  
4 statement is only intended to be used for subsequent evaluation of  
5 the tax preference. It is not intended to create a private right of  
6 action by any party or to be used to determine eligibility for  
7 preferential tax treatment.

8        (2) The legislature categorizes this tax preference as one  
9 intended to provide tax relief to certain businesses or individuals.

10        (3) It is the legislature's specific public policy objective to  
11 promote the development of small wineries. These small businesses  
12 face challenges entering the industry and it is the legislature's  
13 public policy objective to assist these wineries to grow and  
14 stabilize. Small wineries have faced significant challenges in recent  
15 years including the great recession, COVID-19 restrictions, impact of  
16 wildfire smoke, and weather challenges. Every year dozens of small  
17 wineries close their doors forever. The loss of these businesses  
18 means Washington loses not just the wine excise tax income from these  
19 wineries, but also the sales and use tax income, the business and  
20 occupation tax income, and the jobs, tourism opportunities, and  
21 community contributions these wineries would otherwise make.

22        (4) The joint legislative audit and review committee must conduct  
23 an initial evaluation of the tax preference in this section by  
24 January 1, 2028. A final evaluation of the tax preference in this  
25 section must be conducted by January 1, 2033.

26        (5) If the review finds that the: (a) Number of wineries  
27 producing less than 20,000 gallons per year going out of business is  
28 decreased; (b) number of wineries that were producing less than  
29 20,000 gallons per year in 2023 that are subsequently producing more  
30 than 20,000 gallons per year is increased; and/or (c) amount of sales  
31 and use tax collected by wineries has increased, then the legislature  
32 intends to extend the expiration date of this tax preference.

33        (6) In order to obtain the data necessary to perform the review  
34 in subsection (5) of this section, the joint legislative audit and  
35 review committee may refer to any data collected by the state,  
36 including the Washington wine commission.

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