
SENATE BILL 5024

State of Washington

69th Legislature

2025 Regular Session

By Senators Warnick, Stanford, Chapman, Dozier, and Nobles

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1 AN ACT Relating to providing a tax exemption for the first 20,000
2 gallons of wine sold by a winery in Washington; amending RCW
3 66.24.210; and creating a new section.

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

5 **Sec. 1.** RCW 66.24.210 and 2023 c 470 s 1012 are each amended to
6 read as follows:

7 (1) ~~((There))~~ Except as provided in (d) of this subsection, there
8 is hereby imposed upon all wines except cider sold to wine
9 distributors within the state a tax at the rate of twenty and one-
10 fourth cents per liter. Any domestic winery or certificate of
11 approval holder acting as a distributor of its own production must
12 pay taxes imposed by this section. ~~((There))~~ Except as provided in
13 (d) of this subsection, there is hereby imposed on all cider sold to
14 wine distributors within the state a tax at the rate of three and
15 fifty-nine one-hundredths cents per liter. However, wine sold or
16 shipped in bulk from one winery to another winery is not subject to
17 such tax.

18 (a) The tax provided for in this section shall be collected by
19 direct payments based on wine purchased by wine distributors.

20 (b) Except as provided in subsection (7) of this section, every
21 person purchasing wine under the provisions of this section must on

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

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

20 (d) A winery's sale of the first 20,000 gallons of table wine or
21 cider in a calendar year is:

22 (i) Subject to tax at a rate of \$0.0528 per liter for table wine
23 or cider; and

24 (ii) Not subject to any other taxes under this section on sales
25 of the first 20,000 gallons of table wine or cider except for taxes
26 imposed under subsection (3) of this section for the Washington wine
27 commission.

28 (e) Taxes collected pursuant to (d) of this subsection (1) must
29 be deposited in the liquor revolving fund and are subject to the
30 allocation to Washington State University in RCW 66.08.180(4).

31 (2) (~~An~~) Except as provided in subsection (1)(d) of this
32 section, an additional tax is imposed equal to the rate specified in
33 RCW 82.02.030 multiplied by the tax payable under subsection (1) of
34 this section. All revenues collected during any month from this
35 additional tax must be transferred to the state general fund by the
36 twenty-fifth day of the following month.

37 (3) An additional tax is imposed on wines subject to tax under
38 subsection (1) of this section, at the rate of one-fourth of one cent
39 per liter for wine sold after June 30, 1987. After June 30, 1996,
40 such additional tax does not apply to cider. An additional tax of

1 five one-hundredths of one cent per liter is imposed on cider sold
2 after June 30, 1996. All revenues collected under this subsection (3)
3 shall be disbursed quarterly to the Washington wine commission for
4 use in carrying out the purposes of chapter 15.88 RCW.

5 (4) (~~An~~) Except as provided in subsection (1)(d) of this
6 section, an additional tax is imposed on all wine subject to tax
7 under subsection (1) of this section. The additional tax is equal to
8 twenty-three and forty-four one-hundredths cents per liter on
9 fortified wine as defined in RCW 66.04.010 when bottled or packaged
10 by the manufacturer, one cent per liter on all other wine except
11 cider, and eighteen one-hundredths of one cent per liter on cider.
12 All revenues collected during any month from this additional tax
13 shall be deposited in the state general fund by the twenty-fifth day
14 of the following month.

15 (5)(a) (~~An~~) Except as provided in subsection (1)(d) of this
16 section, an additional tax is imposed on all cider subject to tax
17 under subsection (1) of this section. The additional tax is equal to
18 two and four one-hundredths cents per liter of cider sold after June
19 30, 1996, and before July 1, 1997, and is equal to four and seven
20 one-hundredths cents per liter of cider sold after June 30, 1997.

21 (b) All revenues collected from the additional tax imposed under
22 this subsection (5) must be deposited in the state general fund.

23 (6) For the purposes of this section, "cider" means table wine
24 that contains not less than one-half of one percent of alcohol by
25 volume and not more than eight and one-half percent of alcohol by
26 volume and is made from the normal alcoholic fermentation of the
27 juice of sound, ripe apples or pears. "Cider" includes, but is not
28 limited to, flavored, sparkling, or carbonated cider and cider made
29 from condensed apple or pear must.

30 (7) For the purposes of this section, out-of-state wineries must
31 pay taxes under this section on wine sold and shipped directly to
32 Washington state residents in a manner consistent with the
33 requirements of a wine distributor under subsections (1) through (4)
34 of this section, except wineries shall be responsible for the tax and
35 not the resident purchaser.

36 (8) Notwithstanding any other provision of this section, any
37 domestic winery or wine certificate of approval holder acting as a
38 distributor of its own production that had total taxable sales of
39 wine in Washington state of six thousand gallons or less during the
40 calendar year preceding the date on which the tax would otherwise be

1 due is not required to pay taxes under this section more often than
2 annually.

3 NEW SECTION. **Sec. 2.** (1) This section is the tax preference
4 performance statement for the tax preference contained in section 1,
5 chapter . . . , Laws of 2025 (section 1 of this act). This performance
6 statement is only intended to be used for subsequent evaluation of
7 the tax preference. It is not intended to create a private right of
8 action by any party or to be used to determine eligibility for
9 preferential tax treatment.

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

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

24 (4) The joint legislative audit and review committee must conduct
25 an initial evaluation of the tax preference in this section by
26 January 1, 2030. A final evaluation of the tax preference in this
27 section must be conducted by January 1, 2035.

28 (5) If the review finds that the: (a) Number of wineries
29 producing less than 20,000 gallons per year going out of business is
30 decreased; (b) number of wineries that were producing less than
31 20,000 gallons per year in 2025 that are subsequently producing more
32 than 20,000 gallons per year is increased; or (c) amount of sales and
33 use tax collected by wineries has increased, then the legislature
34 intends to extend the expiration date of this tax preference.

35 (6) In order to obtain the data necessary to perform the review
36 in subsection (5) of this section, the joint legislative audit and

1 review committee may refer to any data collected by the state,
2 including the Washington wine commission.

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