WINE TAX
RCW 66.24.210

Tax Base
Wine sold to distributors, to the Liquor Control Board, directly to consumers on the winery premises, and direct shipments to consumers and retailers. Consumers also pay retail sales tax on wine in the original container and on wine consumed on-premises of the seller.

Tax Rate
Table wines: $0.2292 per liter
- $0.2025 per liter (RCW 66.24.210(1));
- $0.0142 per liter (7% surtax, RCW 66.24.210(2));
- $0.0025 per liter (RCW 66.24.210(3)); and
- $0.01 per liter (RCW 66.24.210(4)).

Fortified wines: $0.4536 per liter (more than 14% alcohol by volume)
- $0.2025 per liter (RCW 66.24.210(1));
- $0.0142 per liter (7% surtax, RCW 66.24.210(2));
- $0.0025 per liter (RCW 66.24.210(3)); and
- $0.2344 per liter (RCW 66.24.210(4)).

Cider: $0.0814 per liter (table wines with alcohol content between 0.5% and 7% by volume made from apples or pears)
- $0.0359 per liter (RCW 66.24.210(1));
- $0.0025 per liter (7% surtax, RCW 66.24.210(2));
- $0.0018 per liter (RCW 66.24.210(4));
- $0.0407 per liter (RCW 66.24.210(5)).

Levied by
State

Recent Collections ($000)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Collections</th>
<th>% Change</th>
<th>% of All State Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$21,736</td>
<td>1.9%</td>
<td>0.1%</td>
</tr>
<tr>
<td>2008</td>
<td>21,339</td>
<td>(1.5)</td>
<td>0.1</td>
</tr>
<tr>
<td>2007</td>
<td>21,656</td>
<td>10.6</td>
<td>0.1</td>
</tr>
<tr>
<td>2006</td>
<td>19,588</td>
<td>11.6</td>
<td>0.1</td>
</tr>
<tr>
<td>2005</td>
<td>17,548</td>
<td>0.3</td>
<td>0.1</td>
</tr>
<tr>
<td>2004</td>
<td>17,488</td>
<td>2.0</td>
<td>0.1</td>
</tr>
<tr>
<td>2003</td>
<td>17,147</td>
<td>11.2</td>
<td>0.1</td>
</tr>
<tr>
<td>2002</td>
<td>15,418</td>
<td>1.2</td>
<td>0.1</td>
</tr>
<tr>
<td>2001</td>
<td>15,235</td>
<td>0.5</td>
<td>0.1</td>
</tr>
<tr>
<td>2000</td>
<td>15,163</td>
<td>(1.5)</td>
<td>0.1</td>
</tr>
</tbody>
</table>
Distribution of Receipts

(1) Basic tax of 20 cents per liter (3.59 cents for cider); receipts go to the liquor revolving fund from which expenses of the Board are first funded and then any excess funds are distributed on a quarterly basis per RCW 66.08.190 as follows:

0.3% to certain border cities and counties for law enforcement costs;

99.7% distributed as follows:

50% state general fund;
10% all counties on the basis of unincorporated population;
40% all cities on the basis of population.

(2) 0.25 cents per liter for all wine; receipts distributed quarterly to Washington State University for wine and grape research per RCW 66.08.180(6);

(3) 1.42 cents per liter (0.25 cents for cider); receipts from the 7 percent surtax go to the state general fund; RCWs 66.24.210(2) and 82.02.030;

(4) 1 cent per liter for table wines, 23.44 cents per liter for fortified wines, and 0.18 cents for cider; receipts go to the state general fund per RCW 66.24.210(4);

(5) 0.25 cents per liter (0.05 cents for cider) goes to the Washington Wine Commission to finance their activities (RCW 66.24.210(3)); and

(6) 4.07 cents per liter for cider; receipts go to the state general fund; RCW 66.24.210(5b).

Administration

Liquor Control Board. Wholesale purchasers of wine report the tax on a monthly basis; the payment is due by the 20th day of the following month.

Exemptions and Refunds

- Exemption for sales to the Armed Forces;
- Exemption for wine shipped in bulk between wineries, RCW 66.24.210(1); and
- Refund for tax paid on wine that is destroyed, RCW 66.24.305.
History

The wine tax was established in 1935, one year after the beer tax. The initial rate was 10 cents per gallon and wine was also subject to the 10 percent liquor sales tax. In 1969 direct importation of wine from other states was allowed (previously wine was only obtainable through the Liquor Control Board). Wine was removed from the 10 and 15 percent liquor sales taxes but subject to a special 26 percent excise tax, in addition to the 10 cent gallonage tax. In 1973 the 26 percent tax was repealed but the 10 cent tax was increased to 75 cents.

In 1981 the tax was converted to the metric basis and the basic rate of 20.25 cents per liter was established. The surtax for the general fund was added in 1982. The additional one-quarter cent tax for the wine commission was established in 1987 and was scheduled to expire in 1993, but in that year it was extended until 2001 and then made permanent. The additional rates of 1 cent and 23.44 cents for funding of drug programs were adopted in 1989. They were scheduled to expire in 1995, but in 1994 the Legislature and the voters made this tax permanent. The separate tax rates for cider wine were established in 1996.

The law was amended in 2006 to allow shipments of wine from wineries directly to retailers or consumers. In 2009, earmarking of a portion of the wine tax receipts for the violence reduction/drug enforcement account and the health services account was discontinued, starting on July 1, 2009.

Discussion/Major Issues

Many wineries have been established in Washington in recent years, and this has been a bright spot in Washington's agricultural economy. Some of the wineries are small, family-operated enterprises.