Initiative Measure No. 1093

FILED

APR 20 2010

SECRETARY OF STATE
STATE OF WASHINGTON

STOP THE BEVERAGE TAX INCREASE

COMPLETE TEXT

AN ACT Relating to eliminating the recent tax increases on beverages; amending RCW 66.24.290; creating new sections; and repealing RCW 82.--.---, 82.--.---, 82.--.---, 82.--.---, and 82.--.---.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

INTENT

NEW SECTION. **Sec. 1.** This initiative would eliminate the recent tax increases on beverages (pop and beer) imposed by the 2010 legislature. Here's why voters should support this tax repeal effort:

(1) DON'T REWARD OLYMPIA FOR FAILING TO REFORM: Taxpayers shouldn't be forced to bail out Olympia for being fiscally irresponsible. Higher taxes will only reward them for their lack of fiscal discipline and discourage them from doing what the voters have repeatedly demanded: prioritize spending and reform government. Olympia needs to live within its means just like families are doing.

(2) NONE OF THESE TAX HIKES RECEIVED A TWO-THIRDS VOTE: During the 2010 legislative session, politicians overturned the will of the people by suspending the two-thirds vote requirement for raising taxes, the threshold voters have repeatedly demanded. They then imposed over twenty tax hikes totaling $800 million. Since none of these tax increases received a two-thirds vote, none of them should be allowed to stand.

(3) DOESN'T REPEAL ALL OF IT: Nonetheless, this initiative only repeals a very small fraction - $46 million - of the $800 million tax package.

(4) THE TAX SURPLUS WILL COVER IT: The state's $500 million tax surplus is more than enough to cover the repeal of these few tax hikes, which, again, did not receive a two-thirds vote.

(5) BEVERAGES ARE ALREADY TAXED: Beverages are already heavily taxed and should not be subjected to extra taxes, especially during these tough economic times.

Olympia shouldn't balance the budget on the backs of the working class - STOP THE BEVERAGE TAX INCREASE.

PROTECTING TAXPAYERS BY ELIMINATING THE RECENT SODA POP TAX INCREASE

NEW SECTION. **Sec. 2.** The following acts or parts of acts are each repealed:

(1) RCW 82.--.--- and 2010 1st sp.s. c ... (2ESSB 6143) s 1401;

(2) RCW 82.--.--- and 2010 1st sp.s. c ... (2ESSB 6143) s 1402;

(3) RCW 82.--.--- and 2010 1st sp.s. c ... (2ESSB 6143) s 1403;

(4) RCW 82.--.--- and 2010 1st sp.s. c ... (2ESSB 6143) s 1404; and

(5) RCW 82.--.--- and 2010 1st sp.s. c ... (2ESSB 6143) s 1405.

PROTECTING TAXPAYERS BY ELIMINATING THE RECENT BEER TAX INCREASE

Sec. 3. RCW 66.24.290 and 2010 1st sp.s c ... (2ESSB 6143) s 1301 are each amended to read as follows:

(1) Any microbrewer or domestic brewery or beer distributor licensed under this title may sell and deliver beer and strong beer to holders of authorized licenses direct, but to no other person, other than the board. Any certificate of approval holder authorized to act as a distributor under RCW 66.24.270 shall pay the taxes imposed by this section.

(a) Every such brewery or beer distributor shall report all sales to the board monthly, pursuant to the regulations, and shall pay to the board as an added tax for the privilege of manufacturing and

selling the beer and strong beer within the state a tax of one dollar and thirty cents per barrel of thirty-one gallons on sales to licensees within the state and on sales to licensees within the state of bottled and canned beer, including strong beer, shall pay a tax computed in gallons at the rate of one dollar and thirty cents per barrel of thirty-one gallons.

(b) Any brewery or beer distributor whose applicable tax payment is not postmarked by the twentieth day following the month of sale will be assessed a penalty at the rate of two percent per month or fraction thereof. Beer and strong beer shall be sold by breweries and distributors in sealed barrels or packages.

(c) The moneys collected under this subsection shall be distributed as follows: (i) Three-tenths of a percent shall be distributed to border areas under RCW 66.08.195; and (ii) of the remaining moneys: (A) Twenty percent shall be distributed to counties in the same manner as under RCW 66.08.200; and (B) eighty percent shall be distributed to incorporated cities and towns in the same manner as under RCW 66.08.210.

(d) Any licensed retailer authorized to purchase beer from a certificate of approval holder with a direct shipment endorsement or a brewery or microbrewery shall make monthly reports to the liquor control board on beer purchased during the preceding calendar month in the manner and upon such forms as may be prescribed by the board.

(2) An additional tax is imposed on all beer and strong beer subject to tax under subsection (1) of this section. The additional tax is equal to two dollars per barrel of thirty-one gallons. All revenues collected during any month from this additional tax shall be deposited in the state general fund by the twenty-fifth day of the following month.

(3)(a) An additional tax is imposed on all beer and strong beer subject to tax under subsection (1) of this section. The additional tax is equal to ninety-six cents per barrel of thirty-one gallons through June 30, 1995, two dollars and thirty-nine cents per barrel of thirty-one gallons for the period July 1, 1995, through June 30, 1997,

and four dollars and seventy-eight cents per barrel of thirty-one gallons thereafter.

(b) The additional tax imposed under this subsection does not apply to the sale of the first sixty thousand barrels of beer each year by breweries that are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051, as existing on July 1, 1993, or such subsequent date as may be provided by the board by rule consistent with the purposes of this exemption.

(c) All revenues collected from the additional tax imposed under this subsection (3) shall be deposited in the state general fund.

(4) An additional tax is imposed on all beer and strong beer that is subject to tax under subsection (1) of this section that is in the first sixty thousand barrels of beer and strong beer by breweries that are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051, as existing on July 1, 1993, or such subsequent date as may be provided by the board by rule consistent with the purposes of the exemption under subsection (3)(b) of this section. The additional tax is equal to one dollar and forty-eight and two-tenths cents per barrel of thirty-one gallons. By the twenty-fifth day of the following month, three percent of the revenues collected from this additional tax shall be distributed to border areas under RCW 66.08.195 and the remaining moneys shall be transferred to the state general fund.

(5)((~~(a) From June 1, 2010, through June 30, 2013, an additional tax is imposed on all beer and strong beer subject to tax under subsection (1) of this section. The additional tax is equal to fifteen dollars and fifty cents per barrel of thirty one gallons.~~

~~(b) The additional tax imposed under this subsection does not apply to the sale of the first sixty thousand barrels of beer each year by breweries that are entitled to a reduced rate of tax under 26 U.S.C. Sec. 5051 of the federal internal revenue code, as existing on July 1, 1993, or such subsequent date as may be provided by the board by rule consistent with the purposes of this exemption.~~

~~(c) All revenues collected from the additional tax imposed under this subsection shall be deposited in the state general fund.~~

~~(6)~~)) The board may make refunds for all taxes paid on beer and strong beer exported from the state for use outside the state.

((~~(7)~~)) (6) The board may require filing with the board of a bond to be approved by it, in such amount as the board may fix, securing the payment of the tax. If any licensee fails to pay the tax when due, the board may forthwith suspend or cancel his or her license until all taxes are paid.

CONSTRUCTION CLAUSE

NEW SECTION. **Sec. 4.** The provisions of this act are to be liberally construed to effectuate the intent, policies, and purposes of this act.

SEVERABILITY CLAUSE

NEW SECTION. **Sec. 5.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

STOP THE BEVERAGE TAX INCREASE ACT OF 2010

NEW SECTION. **Sec. 6.** This act shall be known and cited as Stop the Beverage Tax Increase Act of 2010.

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