

**FORMATTING NOTE:**

In initiatives, legislative bills and other proposed measures, language that is to be deleted from current statutes is represented by a "strikethrough" character and language that is to be added is underlined. Because these special characters cannot be formatted in all Internet browsers, a different set of symbols is used for presenting these proposals on-line. The symbols are as follows:

- Text that is surrounded by (~~{- text here -}~~) is text that will be DELETED FROM the existing statute if the proposed measure is approved.
- Text that is surrounded by {+ text here +} is text that will be ADDED TO the existing statute if the proposed measure is approved.
- {+ NEW SECTION+} (found at the beginning of a section or paragraph) indicates that ALL of the text in that section will become law if the proposed measure is approved.

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**INITIATIVE 705**

AN ACT Relating to reforming liquor taxation; amending RCW 82.08.150; reenacting and amending RCW 66.24.290; creating new sections; repealing RCW 66.24.210; and providing an effective date.  
BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

{+ NEW SECTION. +} Sec. 1. This act may be known and cited as the Liquor Taxation Reform Act of 1999.

Sec. 2. RCW 66.24.290 and 1997 c 451 s 1 and 1997 c 321 s 16 are each reenacted and amended to read as follows:

~~((1) Any microbrewer or domestic brewery or beer distributor licensed under this title may sell and deliver beer to holders of authorized licenses direct, but to no other person (other than the board); and 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 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 shall pay a tax computed in gallons at the rate of one dollar and thirty cents per barrel of thirty-one gallons. 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 shall be sold by breweries and distributors in sealed barrels or packages. (The moneys collected under this subsection shall be distributed as follows: (a) Three-tenths of a percent shall be distributed to border areas under RCW 66.08.195; and (b) of the remaining moneys: (i) Twenty percent shall be distributed to counties in the same manner as under RCW 66.08.200; and (ii) eighty percent shall be distributed to incorporated cities and towns in the same manner as under RCW 66.08.210.~~

(2) An additional tax is imposed on all 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 violence reduction and drug enforcement account under RCW 69.50.520 by the twenty-fifth day of the following month.

(3)(a) An additional tax is imposed on all 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 health services account under RCW 43.72.900.

(4) An additional tax is imposed on all beer that is subject to tax under subsection (1) of this section that is in the first sixty thousand barrels of 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) The tax imposed under this section shall not apply to "strong beer" as defined in this title. -}})

Sec. 3. RCW 82.08.150 and 1998 c 126 s 16 are each amended to read as follows:

(1) There is levied and shall be collected a tax upon each retail sale of (({- spirits, or strong beer -})) {+ liquor +} in the original package at the rate of (({- fifteen percent of the selling price -})) {+ two dollars per pure alcohol liter +}. The tax imposed in this subsection shall apply to all such sales including sales by the Washington state liquor stores and agencies, (({- but excluding -})) {+ and including +} sales to spirits, beer, and wine restaurant licensees.

(2) (({- There is levied and shall be collected a tax upon each sale of spirits, or strong beer in the original package at the rate of ten percent of the selling price on sales by Washington state liquor stores and agencies to spirits, beer, and wine restaurant licensees.

(3) There is levied and shall be collected an additional tax upon each retail sale of spirits in the original package at the rate of one dollar and seventy-two cents per liter. The additional tax imposed in this subsection shall apply to all such sales including sales by Washington state liquor stores and agencies, and including sales to spirits, beer, and wine restaurant licensees.

(4) An additional tax is imposed equal to fourteen percent multiplied by the taxes payable under subsections (1), (2), and (3) of this section.

(5) -}}) {+ As used in this section, the term "pure alcohol liter" means the alcohol content of the liquor product in the original package, expressed in liters; "pure alcohol liter" shall be determined by multiplying the percentage of alcohol in the liquor product in the original package by the volume measure of the liquor product in the original package, expressed in liters.

(3) +} An additional tax is imposed upon each retail sale of spirits in the original package at the rate of seven cents per liter. The additional tax imposed in this subsection shall apply to all such sales including sales by Washington state liquor stores and agencies,

and including sales to spirits, beer, and wine restaurant licensees. All revenues collected during any month from this additional tax shall be deposited in the violence reduction and drug enforcement account under RCW 69.50.520 by the twenty-fifth day of the following month.

(({- (6)(a) An additional tax is imposed upon retail sale of spirits in the original package at the rate of one and seven-tenths percent of the selling price through June 30, 1995, two and six-tenths percent of the selling price for the period July 1, 1995, through June 30, 1997, and three and four-tenths of the selling price thereafter. This additional tax applies to all such sales including sales by Washington state liquor stores and agencies, but excluding sales to spirits, beer, and wine restaurant licensees.

(b) An additional tax is imposed upon retail sale of spirits in the original package at the rate of one and one-tenth percent of the selling price through June 30, 1995, one and seven-tenths percent of the selling price for the period July 1, 1995, through June 30, 1997, and two and three-tenths of the selling price thereafter. This additional tax applies to all such sales to spirits, beer, and wine restaurant licensees.

(c) An additional tax is imposed upon each retail sale of spirits in the original package at the rate of twenty cents per liter through June 30, 1995, thirty cents per liter for the period July 1, 1995, through June 30, 1997, and forty-one cents per liter thereafter. This additional tax applies to all such sales including sales by Washington state liquor stores and agencies, and including sales to spirits, beer, and wine restaurant licensees.

(d) All revenues collected during any month from additional taxes under this subsection shall be deposited in the health services account created under RCW 43.72.900 by the twenty-fifth day of the following month.

(7) -})) {+ (4) +} The tax imposed in RCW 82.08.020 shall not apply to sales of (({- spirits or strong beer -})) {+ liquor +} in the original package.

(({- (8) -})) {+ (5) +} The taxes imposed in this section shall be paid by the buyer to the seller, and each seller shall collect from the buyer the full amount of the tax payable in respect to each taxable sale under this section. The taxes required by this section to be collected by the seller shall be stated separately from the selling price and for purposes of determining the tax due from the buyer to the seller, it shall be conclusively presumed that the selling price quoted in any price list does not include the taxes imposed by this section.

(({- (9) -})) {+ (6) +} As used in this section, the terms, (({- "spirits," "strong beer," -})) {+ "liquor," "alcohol," +} and "package" shall have the meaning ascribed to them in chapter 66.04 RCW.

{+ NEW SECTION. +} Sec. 4. RCW 66.24.210 (Imposition of taxes on all wines and cider sold to wine distributors and liquor control board--Additional taxes imposed--Distributions) and 1997 c 321 s 8, 1996 c 118 s 1, 1995 c 232 s 3, 1994 sp.s. c 7 s 901, 1993 c 160 s 2, 1991 c 192 s 3, 1989 c 271 s 501, 1987 c 452 s 11, 1983 2nd ex.s. c 3 s 10, 1982 1st ex.s. c 35 s 23, 1981 1st ex.s. c 5 s 12, 1973 1st ex.s. c 204 s 2, 1969 ex.s. c 21 s 3, 1943 c 216 s 2, 1939 c 172 s 3, & 1935 c 158 s 3 are each repealed.

{+ 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.

{+ NEW SECTION. +} Sec. 6. The provisions of this act are to be liberally construed to effectuate the policies and purposes of this act.

{+ NEW SECTION. +} Sec. 7. This act takes effect January 1, 2000.

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