

LIQUOR LITER TAX
RCW 82.08.150

Tax Base Sales of spirits in the original package. The term “spirits” means any beverage containing alcohol that is obtained by distillation, including wines with more than 24 percent alcohol by volume.

Tax Rate \$3.7708 per liter

The overall rate consists of the following:

- basic tax of \$1.72 per liter (RCW 82.08.150(3)); plus
- surtax rate of 14 percent which adds \$0.2408 per liter to the rate (RCW 82.08.150(4)); plus
- additional tax of \$0.07 per liter (RCW 82.08.150(5)); plus
- additional tax of \$0.41 per liter (RCW 82.08.150(6, c)); plus
- additional tax of \$1.33 per liter (RCW 82.08.150(7, a)).

Levied by State

Recent Collections (\$000)

<u>Fiscal Year</u>	<u>Collections*</u>	<u>% Change</u>	<u>% of All State Taxes</u>
2009	\$125,116	2.1%	0.8%
2008	122,554	6.0	0.7
2007	115,566	6.6	0.7
2006	108,428	40.6	0.7
2005	77,124	4.5	0.6
2004	73,821	5.1	0.6
2003	70,213	1.6	0.6
2002	69,097	2.3	0.6
2001	67,561	2.7	0.6
2000	65,811	3.5	0.6

*Includes liquor surtaxes

Administration

Liquor Control Board. Statutorily, the Department of Revenue is responsible for the liquor liter tax, although calculation and payment of the tax is handled by the Board. The tax is included in the selling price of spirits by the Board, along with the liquor sales tax and the Board's markup in retail price. The Board transmits the receipts to the Department on a monthly basis. The Department, in turn, transmits the receipts to the State Treasurer, who deposits the funds in the proper accounts.

Distribution of Receipts

Basic rate & surtax (\$1.9608)	-	state general fund.
Additional tax (\$0.07)	-	state general fund (previously the violence reduction and drug enforcement account per RCW 69.50.520 until July 1, 2009).
Additional tax (\$0.41)	-	state general fund (previously the health services account per RCW 43.72.900 until July 1, 2009).
Additional tax (\$1.33)	-	state general fund (previously a small portion was dedicated to the health service account (2.3 percent) and to the violence reduction/drug enforcement account (0.2 percent) until July 1, 2009).

Exemptions

Sales to the federal government for resale through commissaries at military installations.

History

This tax was established in 1961. Initially it was levied on the basis of fluid ounces at a rate of 1.1 cents per ounce. The rate was increased in 1965 to 2 cents and in 1971 to 4 cents. In 1981, it was again increased to an equivalent of 5 cents per ounce, but the basis was changed to liters at the current basic rate of \$1.72 per liter. Surtaxes were added in 1982, increasing the rate to \$1.9608. The temporary 7 cent tax to fund drug education and enforcement programs was effective on July 1, 1989. In 1994, this rate was made permanent by the Legislature; it was approved by the voters in November 1994 (the first voter-approved tax extension or increase under Initiative 601). The additional tax for health care began on July 1, 1993, at a rate of 20 cents per liter; it was increased to 30 cents on July 1, 1995, and to the current 41 cents on July 1, 1997. The latest rate increase of \$1.33 per liter was adopted in 2005, effective on July 1, 2005.

In 2009, the receipts from the 7 cent tax for drug programs, the 41 cent tax for health care, and the portion of the \$1.33 tax, a small portion of which also went to these two accounts, were shifted to the general fund, effective July 1, 2009.

Discussion/Major Issues See liquor sales tax.