

Multiple Agency Fiscal Note Summary

Bill Number: 1182 HB	Title: Winery Tax Exemption
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Liquor and Cannabis Board	(1,230,386)	(1,230,386)	(8,627,322)	(1,230,386)	(1,230,386)	(8,627,322)	(1,230,386)	(1,230,386)	(8,627,322)
Total \$	(1,230,386)	(1,230,386)	(8,627,322)	(1,230,386)	(1,230,386)	(8,627,322)	(1,230,386)	(1,230,386)	(8,627,322)

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Joint Legislative Audit and Review Committee	Fiscal note not available											
Liquor and Cannabis Board	.4	0	0	125,950	.0	0	0	0	.0	0	0	0
Total \$	0.4	0	0	125,950	0.0	0	0	0	0.0	0	0	0

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Joint Legislative Audit and Review Committee	Fiscal note not available								
Liquor and Cannabis Board	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

NONE

This preliminary fiscal note package is incomplete. It is missing one agency at this time.

Prepared by: Amy Hatfield, OFM	Phone: (360) 000-0000	Date Published: Preliminary
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Individual State Agency Fiscal Note

Bill Number: 1182 HB	Title: Winery Tax Exemption	Agency: 195-Liquor and Cannabis Board
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-State 001-1	(615,193)	(615,193)	(1,230,386)	(1,230,386)	(1,230,386)
Liquor Revolving Account-State 501-1	(3,698,468)	(3,698,468)	(7,396,936)	(7,396,936)	(7,396,936)
Total \$	(4,313,661)	(4,313,661)	(8,627,322)	(8,627,322)	(8,627,322)

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.8	0.0	0.4	0.0	0.0
Account					
Liquor Revolving Account-State 501-1	125,950	0	125,950	0	0
Total \$	125,950	0	125,950	0	0

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Peter Clodfelter	Phone: 360-786-7127	Date: 01/06/2023
Agency Preparation: Colin O Neill	Phone: (360) 664-4552	Date: 01/09/2023
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/09/2023
OFM Review: Amy Hatfield	Phone: (360) 000-0000	Date: 01/09/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1 exempts a winery's sale of the first 20,000 gallons of wine in a calendar year from payment of wine tax, except the portion of the wine tax designated for the Washington wine commission or Washington State University.

Section 2: The joint legislative audit and review committee must conduct an initial evaluation of the tax preference in section 1 by January 1, 2028. A final evaluation must be conducted by January 1, 2033. If the review finds that the: (a) Number of wineries producing less than 20,000 gallons per year going out of business is decreased; (b) number of wineries that were producing less than 20,000 gallons per year in 2023 that are subsequently producing more than 20,000 gallons per year is increased; and/or (c) amount of sales and use tax collected by wineries has increased, then the legislature intends to extend the expiration date of this tax preference.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

The anticipated cash receipt impact from the tax exemption on the first 20,000 gallons of wine sold by a winery in a calendar year is anticipated to be \$4.3m/year ongoing. The estimated loss is based on an analysis of 2021 sales.

Please see the attached "1182 HB Small Winery Tax Relief Table.pdf" for the breakdown in tax rates affected.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

INFORMATION TECHNOLOGY DIVISION:

The division will need 1,200 hours of staff time to modify the agency's Beer & Wine Tax system.

0.8 FTE IT App Development - Senior/Specialist - \$125,950 (\$123,369 salary/benefits, \$856 in associated costs, \$1,725 for equipment purchases).

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
501-1	Liquor Revolving Account	State	125,950	0	125,950	0	0
Total \$			125,950	0	125,950	0	0

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	0.8		0.4		
A-Salaries and Wages	94,973		94,973		
B-Employee Benefits	28,396		28,396		
C-Professional Service Contracts					
E-Goods and Other Services	881		881		
G-Travel					
J-Capital Outlays	1,700		1,700		
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	125,950	0	125,950	0	0

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
IT App Development - Senior/Specialist	118,716	0.8		0.4		
Total FTEs		0.8		0.4		0.0

III. D - Expenditures By Program (optional)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
Information Technology Division (070)	125,950		125,950		
Total \$	125,950		125,950		

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

1182 HB Small Winery Tax Relief

Distribution RCW	Wine Tax Rates/Liter			Exemption Impact in Dollars (annual)				Notes:
	Cider Tax	Non-Fortified Tax	Fortified Tax	Cider Tax	Non-Fortified Tax	Fortified Tax	TOTAL	
RCW 66.24.210 (1)(a)	0.0334	0.2000	0.2000	\$ 99,976.07	\$ 3,558,316.28	\$ 40,176.01	\$ 3,698,468.37	1
RCW 66.08.180 (4)	0.0025	0.0025	0.0025				\$ -	2
RCW 66.24.210 (2)	0.0025	0.0142	0.0142	\$ 7,483.24	\$ 252,640.46	\$ 2,852.50	\$ 262,976.19	3
RCW 66.24.210 (3)	0.0005	0.0025	0.0025				\$ -	4
RCW 66.24.210 (4)	0.0018	0.0100	0.2344	\$ 5,387.93	\$ 177,915.81	\$ 47,086.29	\$ 230,390.04	3
RCW 66.24.210 (5)(a)	0.0407			\$ 121,827.13			\$ 121,827.13	3
TAX PER LITER	0.0814	0.2292	0.4536	\$ 234,674.37	\$ 3,988,872.55	\$ 90,114.80	\$ 4,313,661.72	

Tax Rates per RCW 66.24.210

Fund Impact

Fund 501	\$ 3,698,468.37
Fund 001	\$ 615,193.36
Total	\$ 4,313,661.72

Notes:

- 1) Exempt on first 20,000 gallons - Due to Fund 501 (Liquor Revolving Account)
- 2) Not Exempt - Remains due to Washington State University
- 3) Exempt on first 20,000 gallons -Due to Fund 001 (General Fund-State)
- 4) Not Exempt - Remains due to Washington Wine Commission