



Maintain & Restore Shared Revenue

AWC Position

Maintaining shared revenues and opposing any further cuts remains a key priority for cities and towns. We are working with the state and exploring ways to ensure that this funding remains available. AWC will continue to seek restoration of diverted liquor taxes and removal of the cap on liquor profits.

Restore Local Liquor Revenue Sharing

Liquor revenues have been shared with cities and counties for over 80 years because the impacts of alcohol consumption increase public safety and health costs at the local level. When voters approved liquor privatization through Initiative 1183, they also approved increased revenue for local governments to fund public safety. This promise of enhanced public safety funding has not been honored.

Cities and counties receive two types of liquor revenue: liquor profits and liquor taxes.

- **Liquor board profits** are revenues from license fees and permits. Historically, the profits were shared: 50% to the state, 40% to cities, and 10% to counties. Legislation enacted in 2012 capped local liquor profits at 2011 dollar amounts, and, if not remedied, cities and counties will receive \$49.4 million annually in future years. **The local government share will no longer grow**, and any additional profits generated by liquor privatization will go to the state general fund.
- **Liquor excise taxes** come from a state tax to consumers and restaurant licensees. Revenues from the basic rates of 15% for consumers and 10% for restaurants are shared: 65% to the state, 28% to cities, and 7% to counties. On the last day of the 2012 legislative session, Legislators approved ESHB 2823, which permanently redirected \$10 million annually of the local government share - **essentially negating the \$10 million for public safety that the initiative provided.**

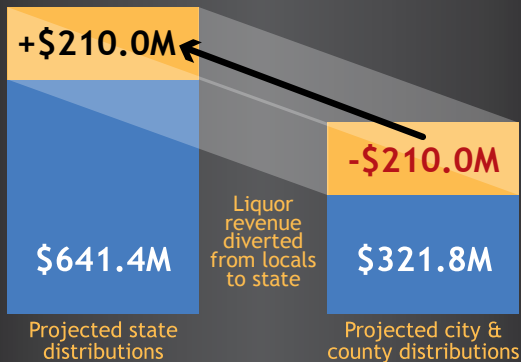
Maintain Shared Revenue

State collected revenues distributed to local governments are the product of decades of past decisions. Without the promise of this revenue, cities would have sought local options and authorities. Instead, cities have come to rely on these state funds.

- For the 2013-15 biennium, cities receive more than \$150 million in liquor revenue, Streamlined Sales Tax (SST) mitigation, municipal criminal justice, and city-county assistance.
- The Legislature took over \$130 million of shared revenues over the last two biennia to help balance their general fund budget.
- Majority of the funding came from the local share of liquor revenue.
- Smaller cuts were made to SST Mitigation, Municipal Criminal Justice, and City-County Assistance (6050) accounts.

Local government revenue capped; state gets windfall from privatization

5 year estimated liquor revenue distributions: State fiscal years 2013-2017



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