



Restore City Liquor Revenue Issue Brief

Gradually restore city and county liquor revenue HB 1113/SB 5240

With the end of prohibition more than 80 years ago, cities, counties, and the state agreed that local governments would be pre-empted from taxing liquor. Instead, liquor revenue generated at the state level would be shared. This agreement recognized the impacts of alcohol felt in our communities.

Without this revenue sharing agreement, cities would have explored different options and authorities to address liquor issues locally. Cities have relied and continue to rely on liquor money to support safe communities.

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.

More details

Cities and counties receive two types of liquor revenue: liquor profits and liquor taxes. Liquor board profits are revenues from license fees and permits. Liquor excise taxes come from a state tax to consumers and restaurant licensees. Both types of liquor revenue historically have been shared with cities and counties based on a formula.

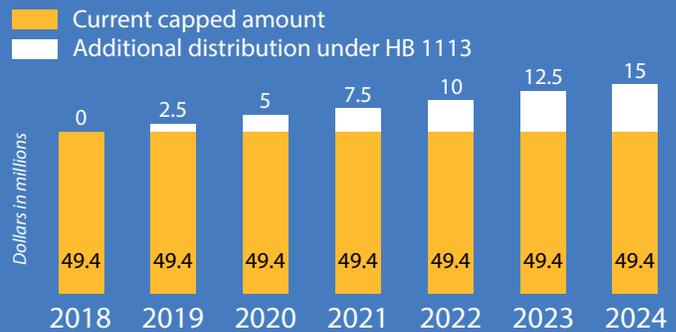
Until 2013, liquor profits were shared 50% to the state, 40% to cities, and 10% to counties. This sharing allowed both state and local government revenue to grow as liquor prices and consumption increased. On the last day of the 2012 legislative session, legislators approved **ESHB 2823**, which capped local liquor profits at 2011 dollar amounts. Cities and counties now receive \$49.4 million annually. The local government profit share no longer grows, and additional profits generated by liquor privatization go to the state general fund.

Since 2012, nearly \$200 million in city and county liquor revenue has been diverted to the state's general fund.

Strong cities need:

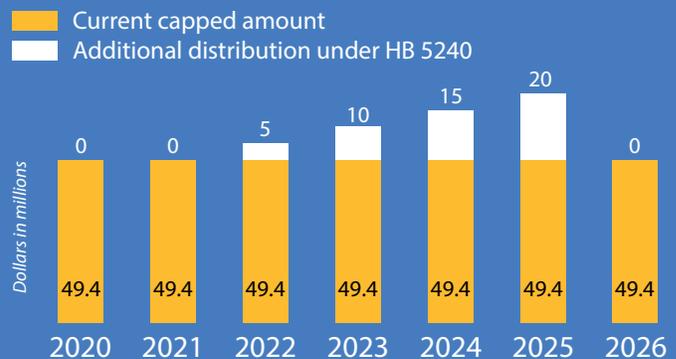
Restoration of the historic liquor profit sharing between the state, cities, and counties.

Liquor profit distribution to cities & counties HB 1113



HB 1113 gradually restores city and county liquor profits by increasing the local share by \$2.5 million per year beginning in state fiscal year 2019. The historic profit sharing formula is then restored in state fiscal year 2025. The proposal has a modest impact on the state's 2017-19 budget (\$2.5 million).

Liquor profit distribution to cities & counties HB 5240



SB 5240 temporarily increases city and county liquor profits beginning in state fiscal year 2022 through 2025. The proposal has no impact on the state's 2017-2019 or 2019-2021 biennial budgets.

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