

Initiative 1183:
The Privatization of Liquor

Key Provisions of I-1183

- Private stores must be at least 10,000 square feet, with limited exceptions.
- Local government, the public, churches, and schools may object to issuance of local liquor licenses.
- Employees selling liquor must complete compliance training every five years.
- Fines and license suspensions for liquor violations will double for some retailers.

Key Dates in I-1183

- Private liquor distribution begins: March 1, 2012
- Private liquor stores open: June 1, 2012
- State liquor stores must close: June 1, 2012
- State liquor distribution & liquor markup ends: June 1, 2012

How much liquor revenue do cities currently receive?

State and local governments get two types of revenue from liquor sales: liquor profits and liquor taxes.

- Liquor board profits are revenues from permits, licenses, and liquor store sales. The state first pays for the activities of the Liquor Control Board (administration, sales staff, leases, etc.). The remaining profits are shared: 50% to the state, 40% to cities, and 10% to counties. (Border areas receive an additional distribution.)
- Liquor excise taxes come from a state tax to consumers and restaurant licensees. The tax rates include a basic rate plus surcharges. 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. The state retains all surcharge revenue.

Budget Suggestions for 2012 from the Municipal Research & Services Center (MRSC) estimates revenue distributions to cities as follows:

DISTRIBUTIONS TO CITIES	2010	2011
Liquor profits	\$33,276,498	\$29,471,000
Per capita profits	\$7.93	\$6.85
Liquor tax	\$20,622,713	\$21,341,000
Per capita liquor tax	\$4.91	\$4.96

What impact would I-1183 have on local revenue?

The initiative specifies that local governments and MRSC are to continue to receive, in the aggregate, no less liquor revenue than in comparable previous periods plus an additional \$10 million per year for public safety. In general, liquor taxes would remain. The current liquor markup—the primary source of revenue for liquor profits—would end. However, the initiative provides a new annual license fee for liquor retailers (17% of a retailer's liquor sales) and distributors (10% of a distributor's liquor sales for the first two years; 5% of its liquor sales after that), which would be distributed as the markup currently is. During the first year, distributors must collectively pay \$150 million in license fees.

AWC has not taken a position for or against this ballot initiative.

AWC's role is to provide its members with educational materials that can be shared with elected officials, staff, and the community.

I-1183 would fully privatize liquor sales and distribution.

An estimated 1,428 stores would sell liquor—up from the current 328 state and contract liquor stores.

Adds increased training and enhanced penalties for private liquor retailers.

Private stores open and state stores close on same day.

Liquor sales have provided revenue to Washington cities since Prohibition ended.

The state markup on liquor currently is 51.9%; two analyses concluded that private retailers initially would have a liquor markup between 52% and 72%.

When talking to your community, don't forget PDC guidelines.

The state estimates that new license fees would generate an additional \$186-\$227 million for local government over six years.

For more information:
www.awcnet.org