
HOUSE BILL 2438

State of Washington

64th Legislature

2016 Regular Session

By Representatives Nealey, Reykdal, Wylie, Vick, Orcutt, Senn, Wilcox, Kirby, Condotta, Hudgins, Stokesbary, Schmick, Tharinger, Rodne, Magendanz, Zeiger, Walsh, Muri, Rossetti, Springer, Sells, McBride, Kuderer, Bergquist, Hargrove, and Goodman

Read first time 01/13/16. Referred to Committee on Commerce & Gaming.

1 AN ACT Relating to gradually increasing the local government
2 share of excess liquor revenues until the percentage-based method for
3 distributions is restored; amending RCW 66.08.190, 66.08.190, and
4 66.08.210; creating a new section; providing effective dates; and
5 providing an expiration date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that the state
8 of Washington has been sharing liquor revenues with local governments
9 for the past eight decades. The legislature further finds that
10 alcohol consumption is a contributing factor in driving under the
11 influence, certain criminal offenses, underage drinking, and
12 misdemeanor offenses such as violations of open-container laws;
13 therefore, it is imperative that local governments receive an
14 adequate share of liquor revenues to offset the cost these factors
15 have on local communities. The legislature further finds that a
16 preponderance of the law enforcement efforts to address offenses
17 associated with excess alcohol consumption are at the local level.

18 (2) The legislature further finds that, in 2011, when voters
19 approved Initiative Measure No. 1183 to privatize liquor sales, they
20 did so with the expectation that funding for local public safety
21 efforts related to alcohol would be increased. The legislature

1 further finds that the passage of Engrossed Substitute House Bill No.
2 2823 in the 2012 second special session had the opposite effect,
3 capping specific liquor revenue distributions to cities and counties
4 and changing what had been a percentage-based distribution formula to
5 a flat annual amount that does not grow with increased liquor sale
6 revenues.

7 (3) The legislature further finds that in 2012 a bipartisan,
8 eight-member joint task force on junior taxing districts, municipal
9 corporations, and local government finance unanimously recommended to
10 restore "the preinitiative formula for the distribution of excess
11 liquor revenues that allows local governments to benefit from
12 increases in future sales."

13 (4) Therefore, the legislature intends to honor the will of the
14 voters and the 2012 task force by removing the statutory cap on
15 excess liquor revenues and gradually returning the distributions to
16 cities and counties to the percentage amounts before Initiative
17 Measure No. 1183. The legislature intends to restore the previous
18 funding percentages based on a phased-in approach, over several
19 years. The legislature finds this is the most cost-effective way to
20 increase excess liquor revenues for local governments, while
21 mitigating the impact to the general fund by avoiding a large one-
22 time expenditure, spreading the restoration of the previous
23 distribution method over several years.

24 **Sec. 2.** RCW 66.08.190 and 2012 2nd sp.s. c 5 s 8 are each
25 amended to read as follows:

26 (1) Prior to making distributions described in subsection (2) of
27 this section, amounts must be retained to support allotments under
28 RCW 43.88.110 from any legislative appropriation for municipal
29 research and services. The legislative appropriation for such
30 services must be in the amount specified under RCW 66.24.065.

31 (2)(a) When excess funds are distributed during the months of
32 June, September, December, and March of each year, all moneys subject
33 to distribution must be disbursed to border areas, counties, cities,
34 and towns as provided in RCW 66.24.065 plus the following additional
35 amounts:

36 (i) Two and one-half million dollars in fiscal year 2018;

37 (ii) Five million dollars in fiscal year 2019;

38 (iii) Seven and one-half million dollars in fiscal year 2020;

39 (iv) Ten million dollars in fiscal year 2021;

1 (v) Twelve and one-half million dollars in fiscal year 2022; and
2 (vi) Fifteen million dollars in fiscal year 2023.

3 (b) The additional amounts provided in (a)(i) through (vi) of
4 this subsection must be distributed as follows:

5 (i) Three-tenths of one percent to border areas under RCW
6 66.08.195; and

7 (ii) Of the remaining moneys:

8 (A) Twenty percent must be distributed to counties in the same
9 manner as under RCW 66.08.200; and

10 (B) Eighty percent must be distributed to incorporated cities and
11 towns in the same manner as under RCW 66.08.210.

12 (3) The amount remaining after distributions under subsections
13 (1) and (2) of this section must be deposited into the general fund.

14 **Sec. 3.** RCW 66.08.190 and 2012 2nd sp.s. c 5 s 8 are each
15 amended to read as follows:

16 (1) Prior to making (~~distributions~~) the distribution to cities
17 described in subsection ((+2)) (3) of this section, ((amounts))
18 sufficient moneys must be retained to ((support)) fund the allotments
19 under RCW 43.88.110 from any legislative appropriation for municipal
20 research and services. The legislative appropriation for such
21 services ((must be in the amount specified)) may not be less than the
22 amount required under RCW 66.24.065.

23 (2) Prior to making distributions described in subsection (3) of
24 this section, the quarterly portion of the ten million dollar amount
25 specified in RCW 66.24.065 must be disbursed to local jurisdictions.

26 (3)(a) When excess funds are distributed during the months of
27 June, September, December, and March of each year, all moneys subject
28 to distribution must be disbursed (~~to border areas, counties,~~
29 ~~cities, and towns as provided in RCW 66.24.065.~~

30 (3) ~~The amount remaining after distributions under subsections~~
31 ~~(1) and (2) of this section must be deposited into the general fund)~~
32 as follows:

33 (i) Three-tenths of one percent to border areas under this
34 section;

35 (ii) From the amount remaining after distribution under (a)(i) of
36 this subsection:

37 (A) Fifty percent to the general fund of the state;

38 (B) Ten percent to the counties of the state; and

1 (C) Forty percent to the incorporated cities and towns of the
2 state.

3 (b) The total annual distributions to local governments under
4 this subsection (3) may not be less than the amount required under
5 RCW 66.24.065, excluding the annual ten million dollar distribution
6 in subsection (2) of this section.

7 **Sec. 4.** RCW 66.08.210 and 2012 2nd sp.s. c 5 s 11 are each
8 amended to read as follows:

9 (1) With respect to the distribution of funds to the incorporated
10 cities and towns (~~(under RCW 66.24.290(1)(e),~~) the computations for
11 distribution must be made by the state agency responsible for
12 collecting the same as provided in subsection (2) of this section.

13 (2) The share coming to each eligible city or town must be
14 determined by a division among the eligible cities and towns within
15 the state ratably on the basis of population as last determined by
16 the office of financial management. However, no city or town in which
17 the sale of liquor is forbidden as the result of an election is
18 entitled to any share in such distribution.

19 NEW SECTION. **Sec. 5.** (1) Except for section 3 of this act, this
20 act takes effect July 1, 2016.

21 (2) Section 3 of this act takes effect July 1, 2023.

22 NEW SECTION. **Sec. 6.** Section 2 of this act expires July 1,
23 2023.

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