
Appropriations Committee

HB 1113

Brief Description: Concerning gradually increasing the local government share of excess liquor revenues until the percentage-based method for distributions is restored.

Sponsors: Representatives Hayes, Senn, Nealey, Appleton, Shea, Goodman, McCaslin, Wylie, Stokesbary, Peterson, Wilcox, Springer, Griffey, Ryu, Hargrove, Robinson, Vick, Ortiz-Self, Fey, Tharinger, Buys, Orwall, Harmsworth, Pike, Farrell, McBride, Stambaugh, Clibborn, Gregerson, Holy, Kloba, Stanford, Muri, Sells, McDonald and Bergquist.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Modifies the distribution of state revenues from the Liquor Revolving Account to local governments and the State General Fund.
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Hearing Date: 1/23/17

Staff: Linda Merelle (786-7092).

Background:

Before the passage of Initiative 1183 (Initiative), the purchase and sale of liquor occurred through a state-owned distribution center and state-owned stores and certain contract stores. With the passage of Initiative 1183, the operations of state liquor stores and liquor distribution ceased as of June 1, 2012.

The Initiative specified that distributions of excess funds from the Liquor Revolving Account to border areas, counties, cities, towns, and the municipal research center would be provided in an amount no less than that received during comparable periods prior to the effective date of the Initiative. In addition, the Initiative provided that \$10 million would be distributed to local governments for public safety. The funds remaining after distribution to the Municipal Research Center and local governments must be deposited into the State General Fund. Since 2012 the amount of the distribution of funds to local governments has remained constant.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Border areas include any incorporated city or town, or unincorporated area that is located within seven miles of the Washington-Canadian border.

Summary of Bill:

The distribution of excess funds from the Liquor Revolving Account to local governments is modified in multiple stages.

Distributions from July 1, 2018, until July 1, 2024.

From fiscal year (FY) 2019 through FY 2024, \$2.5 million, for each successive fiscal year, is added to the portion of excess funds distributed to local governments. In FY 2024, the amount of additional funds is \$15 million. The funds must be disbursed as follows:

- three-tenths of 1 percent of the total amount distributed must be provided to border areas; and
- of the amount remaining after distribution to border areas, 20 percent must be provided to counties, and 80 percent to incorporated cities and towns.

The remaining amount must be deposited into the State General Fund. Of the amounts distributed to local governments, 60 percent must be used for public safety, including fire protection and activities that substantially assist the criminal justice system.

Distributions Beginning July 1, 2024.

Beginning July 1, 2024, before other disbursement to local governments are made, three-tenths of 1 percent of the excess funds is distributed to border areas. Of the remaining excess funds, 50 percent must be deposited in the State General Fund, 10 percent distributed to the counties and 40 percent to incorporated cities and towns.

The annual distributions to local governments after July 1, 2024, may not be less than the amount established for distribution after passage of Initiative 1183, excluding the required annual \$10 million for public safety. If the annual amount distributed to local governments is greater than the amount established after the passage of Initiative 1183, 60 percent of the funds provided to local governments must be used for public safety, including activities that substantially assist the criminal justice system.

Appropriation: None.

Fiscal Note: Available.

Effective Date: This bill takes effect July 1, 2017, except for section 3, relating to a second modification of the distribution of revenue to local governments, which takes effect July 1, 2024.