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**SENATE BILL 5240**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** Senators Mullet, Zeiger, Rivers, Angel, Takko, Hasegawa, Warnick, Wilson, Chase, Liias, Kuderer, and Sheldon

AN ACT Relating to gradually increasing the local government share of excess liquor revenues; amending RCW 66.08.190; and creating a new section.

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

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

(2) The legislature further finds that, in 2011, when voters approved Initiative Measure No. 1183 to privatize liquor sales, they did so with the expectation that funding for local public safety efforts related to alcohol would be increased. The legislature further finds that the passage of Engrossed Substitute House Bill No. 2823 in the 2012 2nd sp. sess. had the opposite effect, capping specific liquor revenue distributions to cities and counties and changing what had been a percentage-based distribution formula to a flat annual amount that does not grow with increased liquor sale revenues.

(3) Therefore, the legislature intends to honor the will of the voters by removing the statutory cap on excess liquor revenues and gradually returning the distributions to cities and counties. The legislature intends to use a phased-in approach, over several years. The legislature finds this is the most cost-effective way to increase excess liquor revenues for local governments, while mitigating the impact to the general fund by avoiding a large one-time expenditure, spreading the restoration of revenues over several years.

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

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

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

(i) Five million dollars in fiscal year 2022;

(ii) Ten million dollars in fiscal year 2023;

(iii) Fifteen million dollars in fiscal year 2024; and

(iv) Twenty million dollars in fiscal year 2025.

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

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

(ii) Of the remaining moneys:

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

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

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

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