



Shared revenues with cities

FY 2017-19 biennium

Summary of city distributions

| Liquor profits | Liquor taxes | Municipal criminal justice | City-county assistance | SST mitigation | Fire Insurance Premium Tax | Marijuana excise tax | Total |
|----------------|--------------|----------------------------|------------------------|----------------|----------------------------|----------------------|--------|
| \$79M | \$44.8M | \$38.1M | \$13.6M | \$20.2M | \$9.2M | \$6M* | \$211M |

State revenues distributed to cities and towns are driven by decades of past agreements to deliver vital services to our residents. Without those past decisions, other solutions and local authorities would have been explored. Cities continue to rely on these funds to support safe communities and strong infrastructure. Below are projected city distributions absent any cuts to shared revenues appropriated in the state's FY 2017-19 operating budget.

Liquor profits and taxes

Since cities are responsible for policing liquor establishments and responding to liquor-related incidents, but are preempted by the state from taxing liquor, the state returns a portion of liquor profits and taxes to cities to help defray policing costs.

Appropriated FY 17-19 distributions

Liquor profits

Cities – \$79 million
Counties – \$19.8 million

Liquor excise tax

Cities – \$44.8 million
Counties – \$11.2 million

Streamlined sales tax (SST) mitigation

SST funds are distributed to approximately 50 cities depending upon sales tax revenue collection and distribution formula, including new revenues from Marketplace Fairness (EHB 2163) effective January 1, 2018. This funding was part of an agreement between state and local government to mitigate for the significant shift in revenue resulting from taxing sales based on destination. As of July 1, 2017, transits are no longer eligible for mitigation.

Estimated FY 17-19 distributions

Cities – \$20.2 million
Counties – \$0.8 million
Transits – \$0

Municipal Criminal Justice Account

Distributed on a per capita basis to all cities. In addition, some cities get additional distributions if they have a "high" or "violent" crime rate (determined by a particular percentage of the statewide average rate).

Appropriated FY 17-19

Cities – \$38.1 million

City-County Assistance Account

Distributed to approximately 170 cities with low tax bases per sales tax collections, assessed value, and MVET backfill funding amounts.

Appropriated FY 17-19

Cities – \$13.6 million
Counties – \$13.6 million

Fire Insurance Premium Tax

Distributed to 44 cities with active firefighters that the state required to create a firefighter's pension system. The funding provides a small offset for continuing medical and pension obligations.

Estimated FY 17-19

Cities – \$9.2 million
Fire districts – \$0.5 million

Marijuana Excise Tax

Revenue sharing formula changed in the 2017-19 biennium. Distributed to cities and counties based on population and number of cannabis retailers located with the jurisdiction.

Estimated FY 17-19

Cities – \$6 million*
Counties – \$6 million*

**Except additional distribution of \$18 million for cities and counties restored if February 2018 forecast exceeds certain amount.*

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