

# Multiple Agency Fiscal Note Summary

|                             |   |
|-----------------------------|---|
| <b>Bill Number:</b> 6425 SB | <b>Title:</b> Excess liquor revenue dist. |
|-----------------------------|---|

## Estimated Cash Receipts

| Agency Name               | 2015-17   |          | 2017-19            |                    | 2019-21             |                     |
|---------------------------|-----------|----------|--------------------|--------------------|---------------------|---------------------|
|                           | GF- State | Total    | GF- State          | Total              | GF- State           | Total               |
| Liquor and Cannabis Board | 0         | 0        | (7,500,000)        | (7,500,000)        | (17,500,000)        | (17,500,000)        |
| <b>Total \$</b>           | <b>0</b>  | <b>0</b> | <b>(7,500,000)</b> | <b>(7,500,000)</b> | <b>(17,500,000)</b> | <b>(17,500,000)</b> |

|                     |  |  |  |           |  |            |
|---------------------|--|--|--|-----------|--|------------|
| Local Gov. Courts * |  |  |  |           |  |            |
| Loc School dist-SPI |  |  |  |           |  |            |
| Local Gov. Other ** |  |  |  | 7,500,000 |  | 17,500,000 |
| Local Gov. Total    |  |  |  | 7,500,000 |  | 17,500,000 |

## Estimated Expenditures

| Agency Name               | 2015-17    |            |            | 2017-19    |            |            | 2019-21    |            |            |
|---------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                           | FTEs       | GF-State   | Total      | FTEs       | GF-State   | Total      | FTEs       | GF-State   | Total      |
| Department of Revenue     | .0         | 0          | 0          | .0         | 0          | 0          | .0         | 0          | 0          |
| Liquor and Cannabis Board | .0         | 0          | 0          | .0         | 0          | 0          | .0         | 0          | 0          |
| <b>Total</b>              | <b>0.0</b> | <b>\$0</b> | <b>\$0</b> | <b>0.0</b> | <b>\$0</b> | <b>\$0</b> | <b>0.0</b> | <b>\$0</b> | <b>\$0</b> |

## Estimated Capital Budget Impact

NONE

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

|                                       |                                 |   |
|---------------------------------------|---------------------------------|---|
| <b>Prepared by:</b> Shane Hamlin, OFM | <b>Phone:</b><br>(360) 902-0547 | <b>Date Published:</b><br>Final 1/27/2016 |
|---------------------------------------|---------------------------------|---|

\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 43083

FNS029 Multi Agency rollup

# Department of Revenue Fiscal Note

|                             |   |  |
|-----------------------------|---|--|
| <b>Bill Number:</b> 6425 SB | <b>Title:</b> Excess liquor revenue dist. | <b>Agency:</b> 140-Department of Revenue |
|-----------------------------|---|--|

## Part I: Estimates

☒ No Fiscal Impact

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

|                                   |                       |                  |
|-----------------------------------|-----------------------|------------------|
| Legislative Contact: Dean Carlson | Phone: (360)786-7305  | Date: 01/21/2016 |
| Agency Preparation: Erin Valz     | Phone: 360-534-1522   | Date: 01/21/2016 |
| Agency Approval: Kim Davis        | Phone: 360-534-1508   | Date: 01/21/2016 |
| OFM Review: Kathy Cody            | Phone: (360) 902-9822 | Date: 01/22/2016 |

Request # 6425-1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

This bill increases the spirits license fee revenue distribution to locals. The following additional amounts must be distributed to border areas, counties, cities, and towns as provided in RCW 66.24.065:

- Two and one-half million dollars in fiscal year 2018;
- Five million dollars in fiscal year 2019;
- Seven and one-half million dollars in fiscal year 2020;
- Ten million dollars in fiscal year 2021;
- Twelve and one-half million dollars in fiscal year 2022; and
- Fifteen million dollars in fiscal year 2023.

The additional amounts listed above must be distributed as follows:

- Three-tenths of one percent to border areas under RCW566.08.195; and
- Of the remaining moneys:
  - Twenty percent must be distributed to counties in the same8manner as under RCW 66.08.200; and
  - Eighty percent must be distributed to incorporated cities and10towns in the same manner as under RCW 66.08.210.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

This legislation results in no revenue impact to taxes administered by the Department of Revenue.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

The Department of Revenue will not incur any costs with the implementation of this legislation.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No rule-making required.

# Individual State Agency Fiscal Note

|                             |   |  |
|-----------------------------|---|--|
| <b>Bill Number:</b> 6425 SB | <b>Title:</b> Excess liquor revenue dist. | <b>Agency:</b> 195-Liquor and Cannabis Board |
|-----------------------------|---|--|

## Part I: Estimates

☐

No Fiscal Impact

### Estimated Cash Receipts to:

| ACCOUNT                  | FY 2016 | FY 2017 | 2015-17 | 2017-19     | 2019-21      |
|--------------------------|---------|---------|---------|-------------|--------------|
| General Fund-State 001-1 |         |         |         | (7,500,000) | (17,500,000) |
| <b>Total \$</b>          |         |         |         | (7,500,000) | (17,500,000) |

### Estimated Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

|                                   |                       |                  |
|-----------------------------------|-----------------------|------------------|
| Legislative Contact: Dean Carlson | Phone: (360)786-7305  | Date: 01/21/2016 |
| Agency Preparation: Colin O'Neill | Phone: (360) 664-1675 | Date: 01/21/2016 |
| Agency Approval: Michael Kashmar  | Phone: 360-664-1690   | Date: 01/21/2016 |
| OFM Review: Shane Hamlin          | Phone: (360) 902-0547 | Date: 01/25/2016 |

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 2 provides for an increasing amount of liquor excess funds to be distributed to local governments beginning in fiscal year 2018. This section expires June 30, 2023 (to be superseded by Section 3). The additional amounts will be distributed 3/10ths percent (.03%) to border areas, and the remaining 20% to counties and 80% to cities. The additional amounts to be distributed to local governments are as follows:

- FY18 - \$2.5 million
- FY19 - \$5.0 million
- FY20 - \$7.5 million
- FY21 - \$10.0 million
- FY22 - \$12.5 million
- FY23 - \$15.0 million

Section 3 provides that beginning July 1, 2023, liquor excess funds will be first distributed 3/10ths percent (0.3%) to border areas, and the remainder split 50% to General Fund-State, 10% counties, and 40% cities.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

Section 2 provides for an increasing amount of liquor excess funds to be distributed to local governments beginning in fiscal year 2018. There would be a negative impact on General Fund as it allows the local governments to receive more revenue than they otherwise would receive under current law.

GENERAL FUND

- FY18: (\$2,500,000)
- FY19: (\$5,000,000)
- FY20: (\$7,500,000)
- FY21: (\$10,000,000)
- FY22: (\$12,500,000)
- FY23: (\$15,000,000)

BORDER AREAS:

- FY18: \$7,500
- FY19: \$15,000
- FY20: \$22,500
- FY21: \$30,000
- FY22: \$37,500
- FY23: \$45,000

COUNTIES:

FY18: \$498,500  
FY19: \$997,000  
FY20: \$1,495,500  
FY21: \$1,994,000  
FY22: \$2,492,500  
FY23: \$2,991,000

CITIES:

FY18: \$1,994,000  
FY19: \$3,988,000  
FY20: \$5,982,000  
FY21: \$7,976,000  
FY22: \$9,970,000  
FY23: \$11,964,000

**II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

There is no expenditure impact to the Washington State Liquor and Cannabis Board for changing the method used to calculate liquor excess fund revenue distribution.

**Part III: Expenditure Detail**

**III. A - Expenditures by Object Or Purpose**

NONE

**Part IV: Capital Budget Impact**

**Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

|                             |   |
|-----------------------------|---|
| <b>Bill Number:</b> 6425 SB | <b>Title:</b> Excess liquor revenue dist. |
|-----------------------------|---|

## Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

### Legislation Impacts:

- ☒ Cities: Increased liquor revolving fund revenue
- ☒ Counties: Increased liquor revolving fund revenue
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

## Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☐ Key variables cannot be estimated with certainty at this time:

### Estimated revenue impacts to:

| Jurisdiction          | FY 2016    | FY 2017 | 2015-17 | 2017-19   | 2019-21    |
|-----------------------|------------|---------|---------|-----------|------------|
| City                  |            |         |         | 5,995,275 | 13,988,975 |
| County                |            |         |         | 1,504,725 | 3,511,025  |
| <b>TOTAL \$</b>       |            |         |         | 7,500,000 | 17,500,000 |
| <b>GRAND TOTAL \$</b> | 25,000,000 |         |         |           |            |

### Estimated expenditure impacts to:

None

## Part III: Preparation and Approval

|                                      |                       |                  |
|--------------------------------------|-----------------------|------------------|
| Fiscal Note Analyst: Darleen Muhly   | Phone: (360) 725-5030 | Date: 01/26/2016 |
| Leg. Committee Contact: Dean Carlson | Phone: (360)786-7305  | Date: 01/21/2016 |
| Agency Approval: Steve Salmi         | Phone: (360) 725 5034 | Date: 01/26/2016 |
| OFM Review: David Dula               | Phone: (360) 902-7437 | Date: 01/26/2016 |

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This bill would gradually increase the distribution of liquor revolving fund revenue to cities and counties.

Section 2 increases amount of liquor excess funds to be distributed to local governments beginning in fiscal Years (FY) 2018 to 2023 as follows:

- \$2.5 million in FY 2018
- \$5.0 million in FY 2019
- \$7.5 million in FY 2020
- \$10.0 million in FY 2021
- \$12.5 million in FY 2022
- \$15.0 million in FY 2023

First, 0.03 percent of these additional amounts will be distributed to border areas. Thereafter, the remaining additional funds will be distributed 20 percent to counties and 80 percent to cities.

Section 3 sets the liquor excess funds distribution in FY 2024 and thereafter as follows: First, liquor excess funds will be first distributed 0.03 percent to border areas; thereafter, the remainder will be distributed 50 percent to the state general fund, 10 percent to counties and 40 percent to cities.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

None

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

According to the Liquor Control Board, this bill would result in increased distributions to local governments as follows:

|         | Counties  | Cities     | Border Areas |  |
|---------|-----------|------------|--------------|--|
| FY 2018 | 498,500   | 1,994,000  | 7,500        |  |
| FY 2019 | 997,000   | 3,988,000  | 15,000       |  |
| FY 2020 | 1,495,500 | 5,982,000  | 22,500       |  |
| FY 2021 | 1,994,000 | 7,976,000  | 30,000       |  |
| FY 2022 | 2,492,500 | 9,970,000  | 37,500       |  |
| FY 2023 | 2,991,000 | 11,964,000 | 45,000       |  |

For the purposes of this fiscal note, border area distributions are assumed to be similar to FY 2014 border area distributions, 41 percent to counties and 59 percent to cities.

SOURCES:  
Liquor Control Board  
Association of Washington Cities