

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1113 HB	<b>Title:</b> Excess liquor revenue dist.
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## Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Liquor and Cannabis Board	(2,500,000)	(2,500,000)	(12,500,000)	(12,500,000)	(22,500,000)	(22,500,000)
<b>Total \$</b>	<b>(2,500,000)</b>	<b>(2,500,000)</b>	<b>(12,500,000)</b>	<b>(12,500,000)</b>	<b>(22,500,000)</b>	<b>(22,500,000)</b>

Local Gov. Courts *						
Loc School dist-SPI						
Local Gov. Other **		2,500,000		12,500,000		22,500,000
Local Gov. Total		2,500,000		12,500,000		22,500,000

## Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
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>

Local Gov. Courts *									
Loc School dist-SPI									
Local Gov. Other **	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

## Estimated Capital Budget Impact

NONE

<b>Prepared by:</b> Shane Hamlin, OFM	<b>Phone:</b> (360) 902-0547	<b>Date Published:</b> Final 1/19/2017
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 44846

FNS029 Multi Agency rollup

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1113 HB	<b>Title:</b> Excess liquor revenue dist.	<b>Agency:</b> 195-Liquor and Cannabis Board
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## Part I: Estimates

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No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
General Fund-State 001-1		(2,500,000)	(2,500,000)	(12,500,000)	(22,500,000)
<b>Total \$</b>		(2,500,000)	(2,500,000)	(12,500,000)	(22,500,000)

### 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:

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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.

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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.

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Requires new rule making, complete Part V.

Legislative Contact: Linda Merelle	Phone: 360-786-7092	Date: 01/11/2017
Agency Preparation: Colin O'Neill	Phone: (360) 664-1675	Date: 01/13/2017
Agency Approval: Aaron Hanson	Phone: 360-664-1701	Date: 01/13/2017
OFM Review: Shane Hamlin	Phone: (360) 902-0547	Date: 01/19/2017

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 2019. The section expires July 1, 2024 (to be superseded by Section 3). Of the additional amounts to be distributed, border areas will receive 3/10ths of one percent (.3%). After the border areas distribution, 20% of the remaining moneys is to be distributed to counties and 80% to cities. The additional amounts to be distributed to local governments are as follows:

- FY19 - \$2.5 million
- FY20 - \$5.0 million
- FY21 - \$7.5 million
- FY22 - \$10.0 million
- FY23 - \$12.5 million
- FY24 - \$15.0 million

Section 3 provides that beginning July 1, 2024, liquor excess funds will be distributed as 3/10ths of one 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 2019. There would be a negative impact on the General Fund as local governments would receive more revenue than they otherwise would under current law.

GENERAL FUND

- FY19: (\$2,500,000)
- FY20: (\$5,000,000)
- FY21: (\$7,500,000)
- FY22: (\$10,000,000)
- FY23: (\$12,500,000)
- FY24: (\$15,000,000)

BORDER AREAS:

- FY19: \$7,500
- FY20: \$15,000
- FY21: \$22,500
- FY22: \$30,000
- FY23: \$37,500
- FY24: \$45,000

COUNTIES:

FY19: \$498,500  
FY20: \$997,000  
FY21: \$1,495,500  
FY22: \$1,994,000  
FY23: \$2,492,500  
FY24: \$2,991,000

CITIES:

FY19: \$1,994,000  
FY20: \$3,988,000  
FY21: \$5,982,000  
FY22: \$7,976,000  
FY23: \$9,970,000  
FY24: \$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> 1113 HB	<b>Title:</b> Excess liquor revenue dist.
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## 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 2018	FY 2019	2017-19	2019-21	2021-23
City		498,500	498,500	2,492,500	4,486,500
County		1,994,000	1,994,000	9,970,000	17,946,000
Special District		7,500	7,500	37,500	67,500
<b>TOTAL \$</b>		2,500,000	2,500,000	12,500,000	22,500,000
<b>GRAND TOTAL \$</b>					37,500,000

### Estimated expenditure impacts to:

Indeterminate Impact

## Part III: Preparation and Approval

Fiscal Note Analyst: Buck Lucas	Phone: 360/725-5040	Date: 01/17/2017
Leg. Committee Contact: Linda Merelle	Phone: 360-786-7092	Date: 01/11/2017
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 01/17/2017
OFM Review: Shane Hamlin	Phone: (360) 902-0547	Date: 01/19/2017

## 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 legislation would gradually increase the amount of liquor excess funds distributed to local governments. In effect, this bill restores the percentage-based distribution formula of excess liquor revenues to local governments, replacing the flat annual distribution.

Section 2 (2)(a) -- Modifies the annual distribution of excess liquor revenues to include additional amounts, which begin in FY 2019 at \$2.5 million and increase by \$2.5 million annually until reaching \$15 million in 2024.

- (i) -- FY 2019: \$2.5 million
- (ii) -- FY 2020: \$5 million
- (iii) -- FY 2021: \$7.5 million
- (iv) -- FY 2022: \$10 million
- (v) -- FY 2023: \$12.5 million
- (vi) -- FY 2024: \$15 million

Section 2 (2)(b) -- The amounts provided above must be distributed to local governments as follows: 0.3 percent to border areas and from the remainder, 20 percent distributed to counties, 80 percent distributed to cities and towns. Of the portion of the liquor excess funds distributed to cities and towns, 60 percent must be used for public safety, including fire protection, and criminal justice purposes.

Section 3 -- This section sets the liquor excess fund distribution in FY 2024 and thereafter as follows: 0.3 percent to border areas and from the remainder, 50 percent to the state general fund, 10 percent to counties, and 40 percent to cities. If the total portion of liquor excess funds distributed to local governments exceeds \$10 million, 60 percent of any amount disbursed must be used for public safety, including fire protection, and criminal justice purposes.

### 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.*

This legislation would result in a moderate (\$50,00 to \$250,000) increase in local government administrative expenditures.

The requirement to allocate 60 percent of funds to public safety and criminal justice purposes would carry indeterminate but moderate administrative costs (\$50,00 to \$250,000) to local governments. These costs would be greatest in jurisdictions without an existing capacity to track and catalogue expenditures by fund. Expenditures would include costs to upgrade systems and software, with these administrative costs being lowest in jurisdictions that have adopted controls or implemented fund-tracking processes.

### 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 2019	\$ 1,994,000	\$ 498,500	\$ 7,500
FY 2020	\$ 3,988,000	\$ 997,000	\$ 15,000
FY 2021	\$ 5,982,000	\$ 1,495,500	\$ 22,500
FY 2022	\$ 7,976,000	\$ 1,994,000	\$ 30,000
FY 2023	\$ 9,970,000	\$ 2,492,500	\$ 37,500
FY 2024	\$ 11,964,000	\$ 2,991,000	\$ 45,000

For the purposes of this fiscal note, special districts are a proxy for border areas and fiscal impacts are outlined therein.

#### SOURCES:

Liquor Control Board  
Association of Washington Cities