



Shared revenues with cities: 2019-21 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	\$51.3M	\$39.8M	\$16.5M	\$2.4M*	\$10.5M	\$20M**	\$219.5M

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 expected in the state's FY 2019-21 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.

Estimated appropriation FY 2019-21 distributions:

- **Liquor profits:**
Cities – \$79 million
Counties – \$19.8 million
- **Liquor excise tax:**
Cities – \$51.3 million
Counties – \$12.8 million

Streamlined sales tax (SST) mitigation

SST funds are distributed to approximately 23 cities depending upon sales tax revenue collection and distribution formula, including new revenues from Marketplace Fairness as of December 31, 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. EHB 2163 passed by the Legislature in 2017 set an end date of October 1, 2019 for the final SST mitigation payment. AWC supports proposals to restore mitigation funding to those cities with the most significant ongoing impacts.*

Estimated appropriation FY 2019-21 distributions:

Cities – \$2.4 million
Counties – \$0
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).

Estimated appropriation FY 2019-21 distributions:

Cities – \$39.8 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. Eligibility is certified annually by the Department of Revenue.

Estimated appropriation FY 2019-21 distributions:

Cities – \$16.5 million
Counties – \$16.5 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 appropriation FY 2019-21 distributions:

Cities – \$10 million
Fire districts – \$0.5 million

Marijuana Excise Tax

Revenue sharing formula changed in the 2017-19 biennium. Distributed to cities and counties by a formula based on population and sales of marijuana retailers located within the jurisdiction. The original sharing agreement in 2E2SHB 2136 adopted in 2015 provided that cities and counties would receive \$40 million beginning in FY 2019-21.**

Estimated appropriation FY 2019-21 distributions:

Cities – \$20 million
Counties – \$20 million

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