



Shared revenues with cities: 2019-21 biennium

2020

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 historical shared-revenue distributions and the most recent 2019-21 city distributions, absent any cuts to shared revenues expected in the 2020 supplemental operating budget.

Liquor Profits Sharing

Historical distributions: \$167.8 million
2019-21 distributions: \$79 million

The Washington State Liquor Act of 1933 created the state's Liquor Control Board and a state monopoly on the sale of liquor. In 1949, the Legislature amended revenue distributions so that cities would receive 40% of all liquor profits. The Legislature amended distributions in 2012 and capped cities' share of revenues to \$79 million.

Liquor Excise Tax Sharing

Historical distributions: \$77.1 million
2019-21 distributions: \$51.3 million

In 1955, the Legislature created the Liquor Excise Tax Account and directed 35% of revenue to counties, cities, and towns. Of this revenue shared with counties, cities received 80% of available funds. The Legislature began to reduce the rate of disbursement in 2012.

Municipal Criminal Justice Assistance Account

Historical distributions: \$42 million
2019-21 distributions: \$42 million

The Municipal Criminal Justice Assistance Account was created in 1990 after city and county governments experienced significant increases in the demand for public services due to population growth and changing patterns of illegal behavior. Although the account was temporarily reduced during the 2012 and 2013 fiscal years, cities and towns still receive the originally promised revenue amounts.

City-County Assistance Account

Historical distributions: \$377.6 million
2019-21 distributions: \$16.5 million

The City-County Assistance Account was originally funded by the Motor Vehicle Excise Tax (MVET) and used to provide sales tax equalization funding to low-sales-tax cities. However, the MVET was repealed in 1999. In 2005, the Legislature replaced MVET revenue with highly volatile REET collections. The City-County Assistance Account now provides needed funding support for the smallest cities and receives 1.4% of total graduated REET collections, as opposed to the original 23.6% of MVET revenue.

Fire Insurance Premium Tax Sharing

Historical distributions: \$18.9 million
2019-21 distributions: \$10.5 million

The original 1935 distributions of Fire Insurance Premium Tax account distributed 45% of revenues to qualifying cities and towns. Cities and towns received the same rate of disbursement for 90 years. In 1999, the Legislature amended the rate of disbursement for cities and towns to 25% and redirected 20% of funds to the Fire Service Training Account. During the past few years, there have been efforts to further reduce distributions to cities.

Marijuana Excise Tax Sharing

Promised distributions: \$20 million
2019-21 distributions: \$15 million

Voters approved the legalization of recreational marijuana in 2012. In the first biennium (2015-17) of marijuana revenue sharing, cities and towns received \$12 million in shared revenue. The Legislature swept a portion of the shared revenues in the 2017-19 biennium. Cities and towns were promised \$20 million in subsequent biennia. However, the Legislature has yet to allocate the funds that cities and towns were originally promised.

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