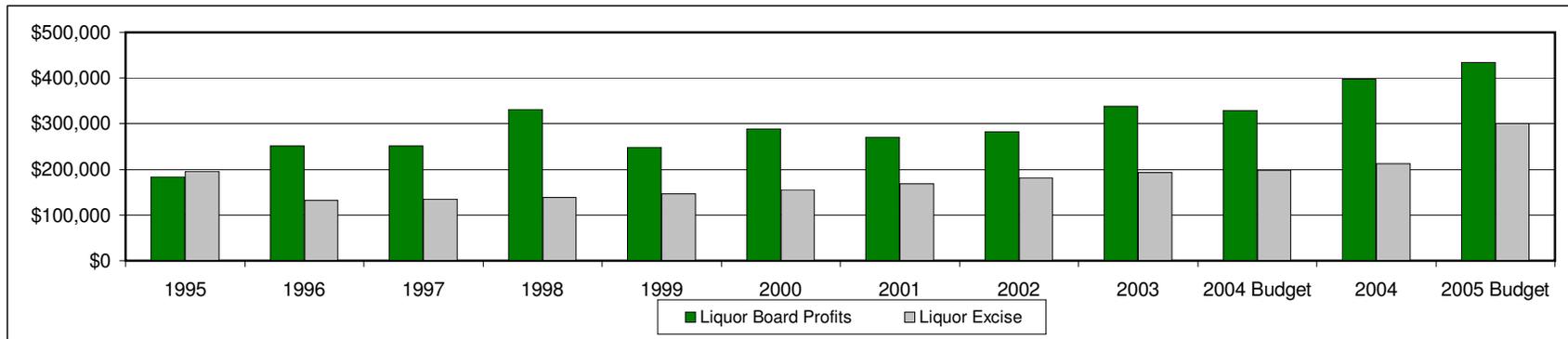


Liquor Revenue

Perspectives

The City of Renton is responsible for the policing of all liquor establishments located within the city limits, but we cannot tax them because the state has a liquor monopoly. The state is required to share their state-collected profits and taxes to help cities with the cost of policing their liquor establishments. The Liquor Board obtains their profits from state liquor stores, taxes on wine and beer, license fees, permit fees, penalties and forfeitures. Of these profits, cities receive a 40% share based on their populations, distributed on the last day of March, June, September and December. Cities also receive 28% of the liquor excise tax receipts, which are dispersed on the 1st day of January, April, July, and October. To be eligible for liquor excise funds, a city must devote at least 2% of its distribution to support an approved alcoholism or drug addiction program.

Fund 000	2001	2002	2003	2004 Budget	2004	2005 Budget
Liquor Board Profits	\$270,422	\$282,663	\$338,710	\$329,400	\$398,183	\$434,300
Liquor Excise	\$168,707	\$181,825	\$192,765	\$198,200	\$212,652	\$301,100
Total	\$439,129	\$464,488	\$531,475	\$527,600	\$610,835	\$735,400



Forecast Assumptions

- 2003 Reduced budget to more accurately reflect actual revenue.
- 2004 MRSC estimates.
- 2005 This revenue source continues to increase.

Authority and Rates

Liquor Excise Tax

Tax/Revenue Base: Sale of spirits and strong beer in their original package. Spirits include any beverage containing alcohol obtained by distillation, including wines with more than 24% alcohol by volume. Strong beer is defined as any malt beverage containing more than 8% alcohol by weight.

This is a State Tax collected and partially distributed to other jurisdictions. In 1998 the City of Renton received approximately 0.29% of the amount collected by the State for sales to consumers and class H licensed businesses.

Of the basic rate (15% & 10% rates), 35% is allocated to cities, town and counties. Of this 35%, cities and towns are allocated 80% and counties are allocated 20% based on population.

Sales to consumers (counter sales):

The rate of 20.5% effective 7/1/97, and 19.7% prior to 7/1/97, applies to distilled spirits and 17.1% applies to strong beer.

RCW:

The rate of 20.5% effective 7/1/97, and 19.7% prior to 7/1/97, applies to distilled spirits and 17.1% applies to strong beer.

82.08.150(1): 15.0% - Basic rate.

82.08.150(4): 2.1% - 14% Surtax rate - to the state general fund.

82.08.150(6,1): 3.4%- Healthcare rate (spirits only) effective 7/1/97 & 2.6% prior.

Sales to Class H licenses: The rate of 13.7% effective 7/1/97, and 13.1% prior to 7/1/97, applies to distilled spirits and 11.4% applies to strong beer.

82.08.150(2): 10%- Basic rate.

82.08.150(4): 1.4% - 14% Surtax rate.

82.08.150(6,b): 2.3% - Healthcare rate (spirits only) effective 7/1/97 & 1.7% prior.

82.08.170: Apportionment and distribution from liquor excise tax fund.

70.96A.085/87: Liquor taxes and profits-City and county conditioned.

Cities, towns, & counties shall devote no less than two percent of it's share of liquor tax and profits to the support of a program of alcoholism and other drug addiction approved by the alcoholism and other drug addiction board.

Liquor Board Profits (Excess Funds)

Tax/Revenue Base: Excess Funds are derived from the mark-up on liquor sales and are distributed quarterly to cities, counties and the State General Fund. In 1998 the City of Renton received approximately 0.56% of the Liquor Excess Funds.

Liquor Excess Funds - Profit received from the sale of liquor (spirits, wine, and beer). The amount allocated to cities and towns is 39.99%. Allocation to cities is based on population, Renton receives approximately 0.56% of Liquor Excess Funds. Starting July 1, 1997, the amount paid by the Liquor Control Board for Liquor Excess Funds includes a portion for the beer production excise tax. The State forecasts these amounts based on the prior year's activity plus or minus a small percent based on the recent buying trends.

RCW: 66.08.180: Liquor revolving fund-Distribution-Reserve for administration-Disbursement to universities and state agencies.

66.08.190: Liquor revolving fund-Disbursement of excess funds to state, counties, and cities.

0.03 percent to boarder areas, 49.98% to the state general fund, 10% to counties, and 39.99% to cities.

66.08.200: Liquor revolving fund-Computation for distribution to counties-Unincorporated area defined.

66.08.210: Liquor revolving fund-Computation for distribution to cities.

Basis: Population

70.96A.085/87: Liquor taxes and profits-City and county conditioned.

Cities, towns, & counties shall devote no less than 2% of it's share of liquor tax and profits to the support of a program of alcoholism and other drug addiction approved by the alcoholism and other drug addiction board.

Beer Production Excise Tax (amount Renton receives is included with Liquor Excess Funds)

Tax/Revenue Base:

Two different rates are applied here, one for the production under 2,000,000 and barrels with sales of under 60,000 barrels and one for production of over 2,000,000 barrels. The base rate is the same for both. Of the base rate, 79.98% is allocated to cities and towns (21.74% and 12.87% of the two rates respectively). Allocation to cities is on the basis of population. Renton receives approximately 0.3% and 0.18% of the beer production excise tax respectively.

RCW: 66.24.290(1): \$1.30 per 31 gallon barrel - basic tax.

0.03 percent to boarder areas, 19.99% to counties, and 79.98% to cities.

66.24.290(2): \$2.00 per barrel - to the state's violence reduction account.

66.24.290(3): \$4.78 per barrel on production of over 2,000,000 barrels - to the state's health care account.

66.24.290(4): \$1.482 per barrel on production under 2,000,000 barrels and sale of under 60,000 barrels - 3% to border areas and 97% to the State General Fund.

Background Information

The Excise taxes are transferred to the city by the State Treasurer in January, April, July, and October.

The Liquor Board Profits (Excess Funds) are allocated quarterly in March, June, September, and December.

The Beer taxes are allocated quarterly in March, June, September, and December with the Liquor Excess Funds.