

RESOLUTION NO. 38125

BY REQUEST OF DEPUTY MAYOR FEY

A RESOLUTION expressing concerns related to Washington State Initiative Measure No. 1105 and the impacts to the City of Tacoma.

WHEREAS Washington State Initiative Measure No. 1105 (“I-1105”) will appear on the November 2, 2010, ballot in Washington State (“State”) as an Initiative to the People, and

WHEREAS the proposed measure would close all State liquor stores; license private parties to sell or distribute spirits; and revise laws concerning regulation, taxation, and government revenues from the distribution and sale of spirits, and

WHEREAS the City Council is concerned that the citizens of Tacoma have the opportunity to be informed of and understand the potential impacts of I-1105 on the City of Tacoma, and

WHEREAS opponents of I-1105 believe that if it passes, hard liquor outlets would increase, with more convenience stores, neighborhood mini-marts, and gas stations (many near schools and in high-crime areas) selling liquor until 2 a.m., and

WHEREAS this increased availability may result in more consumption, which in turn could mean more drunk driving, underage drinking, and crime, which would threaten public safety, and

WHEREAS Liquor Control Board (“Board”) data indicates that Washington ranks first in keeping hard liquor out of the hands of minors, but that private outlets, such as mini-marts, are 400 percent more likely to sell liquor to minors, and

WHEREAS, in addition, in 2009, the Centers for Disease Control, Behavioral Risk Factor Surveillance System estimated that there would be 40,000 additional problem drinkers in the State, and

WHEREAS new information from the Board indicates that, if I-1105 passes, the Board will likely have sufficient funding from other sources to continue their current enforcement operations; however, they do not anticipate sufficient additional enforcement funding to mitigate a substantial change in the number of liquor retailers, and

WHEREAS the State Auditor’s Office estimates that the number of retailers could grow from the current 315 State and contract stores to more than 3,300 in a privatized system, and

WHEREAS, on August 11, 2010, the Washington State Office of Financial Management estimated a loss of \$730 million over the next five years for important community services, such as education, public safety, and health care, and

WHEREAS, based on the information from the September 8, 2010, Association of Washington Cities information sheet, "Initiatives 1100 and 1105: The Privatization of Liquor," I-1105 would have a significant negative impact to the revenue stream to the City's General Fund, affecting the City's funding source for liquor enforcement, and

WHEREAS, currently, the City receives two types of revenue from the sale of liquor: liquor profits and liquor taxes, and

WHEREAS liquor Board profits are revenues from permits, licenses, and liquor store sales, and

WHEREAS, out of liquor profits, the State first pays for the activities of the Board (administration, sales, people, leases, etc.) and then divides the remaining profits as follows: 50 percent to the State, 40 percent to cities, and 10 percent to counties (border areas receive an additional distribution), and

WHEREAS liquor excise taxes come from a State tax to consumers and restaurant licensees, and

WHEREAS the tax rates include a basic rate plus surcharges, and

WHEREAS revenues from the basic rates of 15 percent for consumers and 10 percent for restaurants are shared 65 percent to the State, 28 percent to cities, and 7 percent to counties, and

WHEREAS estimated 2011 revenues for the City are \$1.7 million from liquor profits and \$1 million from liquor taxes, and

WHEREAS I-1105 would eliminate liquor profits and liquor tax on April 1, 2012, and

WHEREAS, if I-1105 is approved, liquor sales and distribution would become subject to local sales tax and B&O tax, and

WHEREAS, in 2012, the City would lose approximately \$1.8 million in liquor profit and taxes, which would offset by approximately \$170,000 of sales and B&O tax for a net loss in the 2011-2012 biennium of \$1.63; reduced revenues in future biennia would be approximately \$4.9 million, and

WHEREAS, although some new business revenue will be generated in B&O and sales taxes, it will only offset a fraction of the loss; Now, Therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

That the City of Tacoma expresses its concerns related to Washington State Initiative Measure No. 1105 ("I-1105"), which measure would close all state liquor stores; license private parties to sell or distribute spirits; and revise laws concerning regulation, taxation, and government revenues from distribution and sale of spirits, and urges Tacoma voters to vote "No" on I-1105 on the November 2, 2010, general election ballot in the form of the ballot title as follows:

Initiative Measure 1105

Initiative Measure No. 1105 concerns liquor (beer, wine and spirits).

This measure would close all state liquor stores and license private parties to sell or distribute spirits. It would revise laws concerning regulation, taxation and government revenues from distribution and sale of spirits. Should this measure be enacted into law?

Yes

No

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

Chief Deputy City Attorney