

# League of Women Voters Spokane Area - Ballot Issues (October 2010)

**Spokane Initiative 2010-1:** Imposes a tax levy to fund dropout prevention programs

**The Law as it Presently Exists:** The City annually sets a regular property tax levy. State law limits annual increases to the lower of one percent of the prior year's levy or rate of inflation. Voters may approve a higher rate by simple majority. The City has no established funding to provide early childhood education or intervention, child abuse prevention, mentoring and afterschool programs.

Local, state, and federal jurisdictions fund a variety of services in the targeted areas. The Spokane Parks Department provides some after school activities. The Spokane Regional Health District provides sundry family support services. The Washington Department of Social and Health Services administers low income financial assistance for child daycare. The federal Head Start program provides early childhood development opportunities for low income families. The Spokane Schools administers several program options focused on dropout prevention.

**The Effect of the Proposed Measure, if Approved:**

The initiative authorizes an increase to the annual levy in excess of the limitations on regular property taxes for up to 6 years in the amount of 35¢ per \$1,000 of assessed value for the first year, subsequent year increases to be measured by the implicit price deflator, and the final year levy amount to be used for calculating the limit for future levy increases. The funds shall be used for the purpose of providing City services, including providing Spokane youth and their families with early childhood learning, child abuse and neglect, after-school and mentoring services; authorizing the creation of a new fund; creating an oversight committee. The committee would make grants to service providers.

There will be a partnership agreement developed by the City and the Spokane School District in which the roles and responsibilities for achieving the desired outcomes are defined. The Director of Human Services will report annually to the Council and Mayor on progress of each program component.

**Fiscal Impact Statement:** The initiative authorizes a property tax levy projected to raise \$5,000,000 the first year, with adjustments for inflation thereafter, for up to 6 years.

**Those who want you to vote for 2010-1 say...**

- Spokane is facing a persistently troubling school dropout rate. The Spokane Children's Investment Fund is created for the purpose of ultimately decreasing that dropout rate. Similar voter-approved funds in Seattle and Portland have shown remarkable success.
- The investments will be felt throughout the City of Spokane: in preschools, home-based childcares, elementary, middle and high schools, community centers, and non-profit organizations.
- Annual administrative expenses will be limited to 5% of the fund.

**Those who want you to vote against 2010-1 say...**

- Miami, Portland, and Seattle have had similar levy financed funds to support similar programs for a number of years. The dropout rates in those cities have not declined.
- School District 81 is already addressing the dropout rate. State and federal funds already support the services proposed. Throwing more money at the problems is not a solution.
- The promised administrative expenses of 5% is just for handing out the money. Each recipient organization will add on even greater administrative expenses.

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**Initiative Measure 1105** Concerns the selling and taxing of liquor (beer, wine, and spirits)

**The Law As It Presently Exists:** Currently, spirits are sold at retail by state liquor stores and state-contract liquor stores. The Liquor Control Board purchases spirits from manufacturers and suppliers, furnishes spirits to state stores, and sells spirits directly to authorized purchasers. Manufacturers and suppliers may sell only to the Board.

The Board supervises state liquor stores, contract stores, and the state's distribution operation. The Board regulates advertising, but does not advertize. The Board sets prices, sets the markup, and taxes. The net proceeds from the markup and tax revenues are distributed to the state, cities, and counties.

Private parties may sell and distribute beer and wine. Private beer and wine license holders operate under a "three-

tier system” under which there are separate licenses for (1) manufacturing, (2) distributing, and (3) retailing. Retailers are allowed to purchase only from distributors, and distributors only from manufacturers. Distributors and manufacturers adhere to price lists and offer uniform pricing to all.

**The Effects of the Proposed Measure if Approved:**

I-1105 closes all state liquor stores and distribution operations. It eliminates the proceeds derived from the markup on sales at state stores. I-1105 requires retailers and distributors to pay the state a percentage of their gross sales for 5 years. The Board no longer manages liquor stores, distributes spirits, and sets prices. The Board will regulate sales and issue licenses allowing private parties to sell or distribute spirits. The Board will issue a “spirits retailer license” to sell at retail. License holders will pay an annual license fee and 6% of their gross annual sales during their first 5 years. The Board will issue a “spirits distributor license” to buy spirits from manufacturers and suppliers, and to sell to license retailers. Licensed distributors pay an annual license fee and also 1% of their gross annual sales during their first 5 years.

Each distributor, and each manufacturer and importer, will be required to adhere to its published price list and to offer uniform pricing to all customers. Quantity discounts will be allowed. I-1105 establishes a three-tier system that separates manufacturing, distributing, and retailing of spirits.

I-1105 will repeal existing taxes on spirits, but directs the Board to recommend a new tax projected to generate the same annual revenue for state and local governments as the current system of spirits sales and distribution, plus at least an additional \$100,000,000 net over the 5-year period.

**Fiscal Impact Statement:** Total state revenues decrease an estimated \$486 million–\$520 million and total local revenues decrease an estimated \$205 million–\$210 million, both over five fiscal years. One-time net state revenue gain of \$27.8 million is estimated and one-time state costs are estimated at \$39.2 million.

<p><b>Those who want you to vote for I-1105 say...</b></p> <ul style="list-style-type: none"><li>• I-1105 will generate at least the same annual revenue for the state and local jurisdictions, as well as an additional \$100 million.</li><li>• I-1105 responsibly privatizes liquor sales the way 32 other states allow the private sector to sell liquor. It will ensure all taxes are paid and there is a paper trail documenting all liquor sales. Applicants for retail licenses must be prove they meet certain safety and security standards.</li><li>• I-1105 will allow the Liquor Control Board to focus on preventing underage drinking, over consumption, and making sure there isn't an explosion of liquor stores.</li></ul>	<p><b>Those who want you to vote against I-1105 say...</b></p> <ul style="list-style-type: none"><li>• Initiative 1105 will increase taxes and decrease public safety. I-1105 allows hard liquor stores to explode from 315 to more than 3,300. Convenience stores, mini-marts, and gas stations – near schools, churches, and in high crime areas – will sell hard liquor, until 2 am. More consumption means more drunk driving, more underage drinking, and more crime. Using California's rate of binge drinking as an example we can expect 40,000 more irresponsible drinkers in our state.</li><li>• I-1105 repeals all state liquor taxes and directs the legislature make up the difference with new taxes.</li></ul>
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**Initiative Measure 1100** Concerns the advertising and selling of liquor (beer, wine, and spirits)

**The Law as it Presently Exists:** Currently, spirits are sold at retail by state liquor stores and state-contract liquor stores. The Liquor Control Board purchases spirits from manufacturers and suppliers, furnishes spirits to state stores, and sells spirits directly to authorized purchasers. Manufacturers and suppliers may sell only to the Board.

The Board supervises state liquor stores, contract stores, and the state's distribution operation. The Board regulates advertising, but does not advertize. The Board sets prices, sets the markup, and taxes. The net proceeds from the markup and tax revenues are distributed to the state, cities, and counties.

Private parties may sell and distribute beer and wine. Private beer and wine license holders operate under a “three-tier system” under which there are separate licenses for (1) manufacturing, (2) distributing, and (3) retailing. Retailers are allowed to purchase only from distributors, and distributors only from manufacturers. Distributors and manufacturers adhere to price lists and offer uniform pricing to all.

**The Effects of the Proposed Measure if Approved:**

I-1100 closes all state liquor stores and distribution operations. It eliminates the proceeds from the Board's markup on sales at state stores. I-1100 retains existing taxes on spirit sales.

The Board no longer manages liquor stores, distributes spirits, and sets prices. The Board's authority to regulate advertising will be subject to new limitations. The Board will license private entities to sell spirits at retail, to distribute spirits to retailers, and to manufacture or import spirits in Washington. License holders will pay annual licensing fees. The licensing fees will be used for the costs of administration, for enforcement of licensing laws, and to reduce abusive consumption of alcohol and underage drinking.

A "general liquor distributor's license" allows the license holder to distribute beer, wine, and spirits. A licensed distillery or manufacturer can act as a distributor and retailer of its own products. I-1100 also changes the laws that regulate the importation, distribution, and retail sales

of beer and wine. The existing three-tier system for beer and wine - that requires manufacturers to sell only to distributors, and distributors to sell only to retailers - will be eliminated.

I-1100 repeals the uniform pricing policy requiring each manufacturer to offer beer or wine at a uniform price to distributors and requiring each distributor to offer beer and wine at a uniform price to retailers.

**Fiscal Impact Statement:** Total state revenues decrease \$76 million-\$85 million and total local revenues decrease \$180 million-\$192 million, both over 5 years. One-time revenue gain of \$27.8 million and one-time costs are estimated at \$38.6 million. Ongoing costs for tax collection are estimated at \$426,000.

**Those who want you to vote for I-1100 say...**

- As part of a modernization of law concerning beer, wine and liquor, I-1100 ends the state's monopoly on liquor sales. It directs the Liquor Board to concentrate on enforcement of liquor laws, such as prohibiting underage drinking, rather than to marketing distilled spirits.
- Washington has the highest liquor taxes in the nation. In addition, the state also charges a profit margin of 51.9 percent on each liter of alcohol it sells. I-1100 will end the monopoly profits that make ours the most expensive liquor in the country. I-1100 would allow retailers to purchase directly from manufacturers rather than accepting additional costs of a middleman.

**Those who want you to vote against I-1100 say...**

- I-1100 completely deregulates sales and enforcement of hard liquor, beer and wine, threatening public safety and costing taxpayers millions. Under this scheme hard liquor outlets will explode from 315 to 3,300. Convenience stores, mini-marts, and gas stations — many near schools and in high crime areas — will sell liquor until 2 am. More consumption means more drunk driving, underage drinking and crime.
- State sales generate over \$350 million annually, funding for local schools, health care, police, firefighters, and alcohol and drug abuse prevention. I-1100 will wipe out much of that revenue, meaning fewer services.

**Initiative Measure 1082**

Concerning industrial insurance

**The Law as it Presently Exists:** The Department of Labor & Industries administers industrial insurance to provide medical benefits and compensation to employees who suffer illness, disability, or death from employment-related injuries, without regard to fault. The insurance fund collects insurance premiums paid by employers and employees, each assessed equally.

Every employer covered by the industrial insurance laws must either (1) participate in the program administered by the Department of L & I or (2) qualify as a self-insured employer.

**The Effect of the Proposed Measure if Approved:**

This measure establishes a 3rd option. Employers could purchase industrial insurance from private insurers, who are licensed and regulated by the state. Private insurers will have the same rights and responsibilities as the Department

of L & I, and claim decisions by private insurers could be appealed in the same manner as claim decisions by L & I.

The measure creates an industrial insurance administrative fund and directs appropriations be made to the fund to pay the expenses of the insurance commissioner and the board of industrial insurance appeals. The measure establishes a task force representing the legislature, employers, industrial insurers, and employees. The task force recommends legislation to conform current statutes to the provisions of this measure. The legislature will be required to adopt legislation implementing this measure by March 1, 2012. The entire insurance premium for the medical benefit will be paid by the employer.

**Fiscal Impact Statement:** Total industrial insurance premiums paid to state decrease \$1.1 billion-\$1.43 billion by 2014. State claim costs decrease as claims shift to private insurers. State revenue increases \$61 million-\$75 million over 5 years. Costs are estimated to increase up to \$202 million for the state and \$47.25 million for local governments over 5 years.

**Those who want you to vote for I-1082 say...**

- L&I taxes are going up every year with no end in sight. Injured workers stay off work longer here than anywhere else. L&I is inefficient and unaccountable because it is a government monopoly. It doesn't have to compete for your tax dollars.
- I-1082 provides more choices by ending L&I's monopoly and allowing companies to sell workers' compensation insurance in Washington, with oversight by our legislature and consumer protection regulations. - just like what works in 46 other states. Even picking up the workers' share, employers know competition will ultimately save them money.

**Those who want you to vote against I-1082 say...**

- I-1082 allows private insurers to set their own rates with virtually no oversight. The insurance industry wrote I-1082 to give themselves exemptions that are not allowed in car, home, life, or health insurance.
- I-1082 exempts workers' compensation insurers from the voter-approved Insurance Fair Conduct Act, meaning workers' compensation insurers can wrongfully and intentionally delay and deny legitimate claims for years.
- I-1082 is especially tough on small businesses, which would be left to pay skyrocketing rates after insurance companies have cherry-picked large and less risky businesses.

**House Joint Resolution 4220** Concerning denying bail for persons charged with certain crimes

**The Constitutional Provision as it Presently Exists:**

The constitution currently provides that all persons charged with crimes are entitled to be released pending trial upon posting bail by sufficient sureties. When the charged person posts sufficient bail, he or she is released from custody pending a trial.

A court may require bail to support a promise that the person charged will appear for trial, or require bail to assure that the charged person complies with release conditions. The court may impose release conditions where there is a substantial danger that the charged person will commit a violent crime, or seek to intimidate witnesses, or unlawfully interfere with the administration of justice.

The class of cases in which bail may be denied under the constitution is capital offenses "when the proof is evident or the presumption is great." A "capital offense" is an offense

for which the death penalty may be imposed if the person charged is convicted. Under court rules, a person charged with a capital offense shall not be released on bail unless the court finds that release conditions will reasonably assure that the accused will appear for trial, will not significantly interfere with the administration of justice, and will not pose a substantial danger to others. In capital cases, the court may detain the charged person for trial, without bail.

**The Effect of the Proposed Amendment if Approved:**

The proposed constitutional amendment would authorize courts to deny bail in an additional class of cases: offenses punishable by the possibility of life in prison where there is a showing by clear and convincing evidence of a propensity for violence that creates a substantial likelihood of danger to the community or any persons. The legislature would have authority to set limitations on the denial of bail in these cases.

**Fiscal Impact Statement:** Not required by law

**Those who want you to vote for HJR 4220 say ...**

- Currently our constitution permits a judge to deny bail only if a suspect is charged with aggravated murder. This proposal broadens the criteria for denying bail to persons charged with crimes potentially punishable by life in prison, when the suspect is truly dangerous.
- The amendment does not take away civil liberties, such as the right to bail, speedy trial or the presumption of innocence. HJR 4220 gives judges the flexibility to keep the most dangerous offenders behind bars while awaiting trial.
- Some violent crimes might have been avoided if the judge could have denied bail based on the offender's dangerousness.

**Those who want you to vote against HJR 4220 say ..**

- HJR 4220 is hasty and ill-considered, unfairly allowing for the detention of individuals who may be innocent. We should not rush to change a fundamental constitutional protection—the right to be presumed innocent—in response to a single tragedy.
- Our current system already requires judges to consider public safety, criminal activity, and flight risk in setting conditions, and we should improve our system to ensure judges receive the most complete information to prevent future tragedies. But this amendment goes too far, giving judges the power to detain more innocent people without bail.