

Sweetened Beverage Tax Community Advisory Board

Date: August 21, 2018

To: Mayor Jenny Durkan

From: Sweetened Beverage Tax Community Advisory Board (CAB)

cc: Councilmember Bagshaw, Councilmember González, Councilmember Harrell, Councilmember Herbold, Councilmember Johnson, Councilmember Juarez, Councilmember Mosqueda, Councilmember O'Brien, Councilmember Sawant, Ben Noble

Subject: Sweetened Beverage Tax revenues higher than projected or programmed

Dear Mayor Durkan,

The Sweetened Beverage Tax Community Advisory Board (CAB) is aware that the Sweetened Beverage Tax (SBT) will likely generate more revenues in 2018 and 2019 than originally projected. The 2018 Adopted Budget revenue forecast for SBT revenues is \$14,820,00, yet Seattle has collected more than \$10 million in the first six months of the tax. We are also acutely aware that this raises the possibility of there being new, unprogrammed funds and many demands placed on these funds. We note that these are in no way “extra” funds but rather reflect the conservative initial revenue estimate prepared by the City. A tax calculator developed by the University of Connecticut Rudd Center, which is widely used by local and state jurisdictions across the nation, estimates approximately \$20 million in revenues in 2018 in Seattle.

It is the CAB’s unanimous position that all beverage tax revenues—including any additional funds generated in 2018 and 2019 that exceed projections—should be spent in accordance with the beverage tax ordinance, the intent of the ordinance, and the recommendations put forth by the CAB (transmitted on July 5, 2018). We would be deeply concerned if SBT revenues were diverted to other uses. The intended uses emerged from a productive and deliberative legislative process that engaged many key stakeholders who now have a keen interest in seeing the revenues used defined by ordinance.

According to the law that established the SBT, 80 percent of the net proceeds shall be used to support, in order of priority:

1. Expanding access to healthy and affordable food, closing the food security gap, and promoting health food choices through programs
2. Evidence-based programs that improve the social, emotional, educational, physical health, and mental health for children, especially those services that seek to reduce the

- disparities in outcomes for children and families based on race, gender, or other socioeconomic factors and to prepare children for a strong and fair start in kindergarten
3. Administration of assessing and collecting the tax
 4. Ensuring resources for the Office of Sustainability and the Environment and the Sweetened Beverage Tax Community Advisory Board
 5. The cost of program evaluations conducted by the Office of the City Auditor (Ordinance 125324, §3).

Additionally, the law provides that the CAB *“shall advise and make recommendations to the Mayor and City Council on how and to what extent the Mayor and City Council should establish and/or fund programs and activities consistent with the intent of this ordinance that benefit Seattle’s populations who experience the greatest education and health inequities”* (Ordinance 125324, §4).

We have worked diligently over the past eight months to develop recommendations for the use of SBT revenues that are consistent with the interests that emerged from our engagement with more than 180 community members and the experience and expertise of CAB members. We trust that the additional tax revenues will be allocated in accordance with these recommendations. We would be happy to discuss this matter further at your request.

Sincerely,



James Krieger, MD, MPH
Co-Chair



Christina Wong,
Co-Chair