



# SEATTLE CITY COUNCIL

## Legislative Summary

CB 119551

Record No.: CB 119551

Type: Ordinance (Ord)

Status: Passed at Full Council

Version: 4

Ord. no: Ord 125886

In Control: City Council

File Created: 06/05/2019

Final Action: 08/12/2019

**Title:** AN ORDINANCE related to creating a fund for Sweetened Beverage Tax revenues; adding a new Section 5.53.055 to the Seattle Municipal Code; and providing additional guidelines for expending proceeds.

Date

**Notes:**

**Filed with City Clerk:**

**Mayor's Signature:**

**Sponsors:** O'Brien

**Vetoed by Mayor:**

**Veto Overridden:**

**Veto Sustained:**

**Attachments:**

**Drafter:** patrick.wigren@seattle.gov

**Filing Requirements/Dept Action:**

**History of Legislative File**

**Legal Notice Published:**

Yes

No

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	City Clerk	06/18/2019	sent for review	Council President's Office			
	<b>Action Text:</b> The Council Bill (CB) was sent for review. to the Council President's Office						
1	Council President's Office	06/20/2019	sent for review	Finance and Neighborhoods Committee			
	<b>Action Text:</b> The Council Bill (CB) was sent for review. to the Finance and Neighborhoods Committee						
1	City Council	06/24/2019	referred	Finance and Neighborhoods Committee			
1	Finance and Neighborhoods Committee	06/26/2019	discussed				
	<b>Action Text:</b> The Council Bill (CB) was discussed in Committee.						

1 Finance and Neighborhoods Committee 07/10/2019 pass as amended Pass

**Action Text:** The Committee recommends that City Council pass as amended the Council Bill (CB).  
In Favor: 5 Chair Bagshaw, Vice Chair González , Member Harrell, Alternate O'Brien, Pacheco  
Opposed: 0

2 City Council 07/22/2019 passed as amended Pass

**Action Text:** The Motion carried, the Council Bill (CB) was passed as amended by the following vote, and the President signed the Bill:

**Notes:** ACTION 1:

Motion was made by Councilmember O'Brien, duly seconded and carried, to amend Council Bill 119551, by amending Section 2, adding a new Seattle Municipal Code Section 5.53.055, as shown in Attachment 2 to the Minutes.

ACTION 2:

Motion was made by Councilmember Herbold, duly seconded and carried, to amend Council Bill 119551, by adding a new fourth recital, as shown in the underlined language below:

WHEREAS, on November 19, 2018, the City Council passed Ordinance 125718, amending Section 3 of Ordinance 125324 concerning use of proceeds of the Sweetened Beverage Tax, to account for higher revenue projections; and

WHEREAS, this legislation is not intended to reduce funding for any impacted programs, and the Executive and City Council are expected to identify other funding sources to maintain full funding for these programs; NOW,  
THEREFORE,

ACTION 3

Motion was made by Councilmember González, duly seconded and carried, to amend Council Bill 119551, Section 2, Seattle Municipal Code Section 5.53.055.B.2, first sentence, by deleting the word 'birth' before '-to-age-three' and adding the word 'prenatal.'

ACTION 4:

Motion was made by Councilmember Pacheco and duly seconded, to amend Council Bill 119551, Section 2, Seattle Municipal Code Section 5.53.055.C, as shown in Attachment 3 to the Minutes.

The Motion failed by the following vote:

In Favor: 2 - Bagshaw, Pacheco  
Opposed: 6 - González, Harrell, Herbold, Mosqueda, O'Brien, Sawant

ACTION 5:

Motion was made and duly seconded to pass Council Bill 119551 as amended.

In Favor: 7 Councilmember Bagshaw, Councilmember González , Council  
President Harrell, Councilmember Herbold, Councilmember Mosqueda,  
Councilmember O'Brien, Councilmember Sawant  
Opposed: 1 Councilmember Pacheco

- |   |                     |  |                                    |            |      |
|---|---------------------|--|------------------------------------|------------|------|
| 3 | City Clerk          | 07/25/2019   | submitted for<br>Mayor's signature | Mayor      |      |
| 3 | Mayor               | 08/02/2019   | vetoed                             |            |      |
|   | <b>Action Text:</b> | The Council Bill (CB) was vetoed.  |                                    |            |      |
| 3 | Mayor               | 08/02/2019   | returned                           | City Clerk |      |
| 3 | City Council        | 08/12/2019   | overridden                         |            | Pass |
|   | <b>Action Text:</b> | Council Bill 119551 passed by the following vote, and the Mayor's Veto was overridden: |                                    |            |      |
|   | <b>Notes:</b>       | The Mayor's Veto Letter is provided as Attachment 1 to the Minutes.                    |                                    |            |      |

The Motion to reconsider passage of Council Bill 119551 was called up and Councilmembers voted to reconsider passage of Council Bill 119551 as amended, with an "Aye" vote to override the Mayor's Veto and a "No" vote to sustain the Mayor's Veto.

In Favor: 6 Councilmember González , Council President Harrell, Councilmember  
Herbold, Councilmember Mosqueda, Councilmember O'Brien,  
Councilmember Sawant  
Opposed: 3 Councilmember Bagshaw, Councilmember Juarez, Councilmember  
Pacheco

- |   |                     |   |                        |  |  |
|---|---------------------|---|------------------------|--|--|
| 4 | City Clerk          | 08/12/2019                                      | attested by City Clerk |  |  |
|   | <b>Action Text:</b> | The Ordinance (Ord) was attested by City Clerk. |                        |  |  |
-

**CITY OF SEATTLE**

**ORDINANCE**

125886

**COUNCIL BILL**

119551

AN ORDINANCE related to creating a fund for Sweetened Beverage Tax revenues; adding a new Section 5.53.055 to the Seattle Municipal Code; and providing additional guidelines for expending proceeds.

WHEREAS, on June 5, 2017, the City Council passed Ordinance 125324, imposing a tax on engaging in the business of distributing sweetened beverages (“Sweetened Beverage Tax”), with specific direction on how the proceeds generated from the Sweetened Beverage Tax should be expended; and

WHEREAS, services funded by the proceeds of the Sweetened Beverage Tax are intended to expand access to healthy and affordable food; close the food security gap; promote healthy nutrition choices; reduce disparities in social, developmental, and education readiness and learning for children; assist high school graduates to enter college; and expand services for the birth-to-five population and their families; and

WHEREAS, on November 19, 2018, the City Council passed Ordinance 125718, amending Section 3 of Ordinance 125324 concerning use of proceeds of the Sweetened Beverage Tax, to account for higher revenue projections; and

WHEREAS, this legislation is not intended to reduce funding for any impacted programs, and the Executive and City Council are expected to identify other funding sources to maintain full funding for these programs; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. A new Sweetened Beverage Tax Fund is created in the City Treasury effective January 1, 2020, to which proceeds remitted to The City of Seattle (“City”) from revenues

1 collected from the Sweetened Beverage Tax must be deposited, and from which expenditures  
2 may be paid for purposes described in Section 3 of Ordinance 125324, as amended. The purpose  
3 of creating the Sweetened Beverage Tax Fund is to separately account for revenues received  
4 from the tax and expended by City departments.

5 Section 2. Section 3 of Ordinance 125324, as amended by Ordinance 125718, is amended  
6 as follows:

7 Section 3. A new Section 5.53.055 is added to the Seattle Municipal Code, to read  
8 as follows:

9 **5.53.055 Sweetened beverage tax—Allocation of proceeds**

10 Services funded by the proceeds of the beverage tax are intended to expand access to  
11 healthy and affordable food; ((§)) close the food security gap; ((§)) promote healthy  
12 nutrition choices; ((§)) reduce disparities in social, developmental, and education  
13 readiness and learning for children; ((§)) assist high school graduates enter college; ((§))  
14 and expand services for the birth-to-five population and their families.

15 A. For the first five years that the tax is collected, a portion of the ((net))  
16 proceeds shall be used to fund one-time expenditures to administer the tax, in support of  
17 education, and for training programs. Eligible expenditures include, in order of priority:

- 18 1. One-time costs necessary to enable the administration of the tax;
- 19 2. Up to \$5,000,000 in total as a contribution to an endowment for the  
20 Seattle Colleges 13th Year Promise Scholarship program;
- 21 3. Up to \$1,500,000 in total as funding for job retraining and  
22 placement programs for workers adversely impacted by the tax; and

1                                   4.       Funding for capital projects to construct or enhance classroom  
2 facilities for use by the Seattle Preschool Program.

3                                   The portion of the ~~((net))~~ proceeds that shall be used for the above eligible  
4 expenditures shall be as follows: 20 percent in the first year; and ~~((10))~~ up to ten percent  
5 in each of the second, third, fourth, and fifth years of collections.

6                                   Beginning in the sixth year of collections, all ~~((net))~~ proceeds from the tax  
7 collected shall be for programs defined in subsection 5.53.055.B. ~~((of this section.))~~

8                                   B.       Except as required by subsection 5.53.055.A., ~~((of this section, net))~~  
9 proceeds from the beverage tax shall be used to support, in order of priority:

10                                   1.       Expanding access to healthy and affordable food, closing the food  
11 security gap, and promoting healthy food choices through programs including, but not  
12 limited to:

13                                   a.       Community-based investments to expand food access, such  
14 as food banks and meal programs;

15                                   b.       Fresh Bucks and Fresh Bucks to Go;

16                                   c.       Implementation of the Seattle Food Action Plan;

17                                   d.       Public health and nutrition programs targeted to assist  
18 persons experiencing diabetes and obesity;

19                                   e.       Public awareness campaigns to highlight the impact of  
20 sugar-sweetened beverages on health outcomes and increase education about healthy  
21 food and beverages; and

22                                   f.       Capital investments to promote healthy choices, such as  
23 water bottle filling stations in schools and community centers.

1                                   2.     ~~Evidence~~ Expanding evidence-based programs that improve the  
2                                   social, emotional, educational, physical, and mental health of children, especially those  
3                                   prenatal-to-age-three and kindergarten readiness services that seek to reduce the  
4                                   disparities in outcomes for children and families based on race, gender, or other  
5                                   socioeconomic factors and to prepare children for a strong and fair start in kindergarten,  
6                                   such as home visiting programs and child care assistance.

7                                   3.     Administration of assessing and collecting the tax.

8                                   4.     Ensuring resources for the Office of Sustainability and the  
9                                   Environment and the Sweetened Beverage Tax Community Advisory Board.

10                                  5.     The cost of program evaluations conducted by the Office of the  
11                                  City Auditor under subsection 5.B of (~~this ordinance~~) Ordinance 125324, including  
12                                  costs borne by other City departments in facilitating such evaluations.

13                                  In the annual City budget or by separate ordinance, the City's legislative authority  
14                                  shall from year to year determine the services and funding allocations that will most  
15                                  effectively achieve the goals and outcomes in accordance with chapter 35.32A RCW.

16                                  C.     Beginning on the effective date of this Section 5.53.055 and thereafter, all  
17                                  revenues shall be used to either expand existing programs or create new programs,  
18                                  including associated program cost increases, that are in accordance with subsection  
19                                  5.53.055.B, and may not be used to supplant appropriations from other funding sources.  
20                                  Revenues may be used to maintain program expansions and new programs in accordance  
21                                  with subsection 5.53.055.B.

1           Section 3. The Director of Finance is authorized to create other accounts or subaccounts  
2 as may be needed to implement the Sweetened Beverage Tax Fund's purpose and intent as  
3 established by this ordinance.

1 Section 4. This ordinance shall take effect and be in force 30 days after its approval by  
2 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it  
3 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

4 Passed by the City Council the 22<sup>nd</sup> day of July, 2019,  
5 and signed by me in open session in authentication of its passage this 22<sup>nd</sup> day of  
6 July, 2019.

7 

8 President \_\_\_\_\_ of the City Council

9 Approved by me this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

10 **VETO**

11 Jenny A. Durkan, Mayor

12 Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

13 \_\_\_\_\_  
14 Monica Martinez Simmons, City Clerk

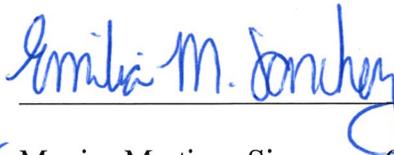
15 (Seal)

1 Council Bill 119551 was reconsidered and passed by an affirmative vote at least two-  
2 thirds of the members of the City Council this 12<sup>th</sup> day of August, 2019, and signed by me in  
3 open session in authentication of its passage this 12<sup>th</sup> day of August, 2019.

4   
5 \_\_\_\_\_

6 President \_\_\_\_\_ of the City Council

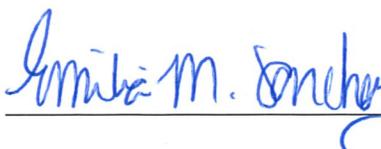
7  
8 Filed by me this 12<sup>th</sup> day of August, 2019.

9   
10 \_\_\_\_\_

11 for Monica Martinez Simmons, City Clerk

12 (Seal)

13  
14 I certify that the foregoing Council Bill No. 119551, after passage by the City Council on July  
15 22, 2019, was duly presented to the Mayor; that the Mayor disapproved the Bill and returned it to  
16 the City Council on August 2, 2019, with her objections in writing; that the objections of the  
17 Mayor were entered in the Journal; published in the Daily Journal of Commerce on August 6,  
18 2019; that the City Council voted to reconsider the Bill not fewer than five days after such  
19 publication and within 30 days after the Bill was returned; and that upon reconsideration the City  
20 Council passed the Bill on August 12, 2019, by the affirmative vote of not less than two-thirds of  
21 all members.

22  
23 Attest:   
24 for Monica Martinez Simmons, City Clerk



**City of Seattle**  
Mayor Jenny A. Durkan

FILED  
CITY OF SEATTLE  
19 AUG -2 PM 4:47  
CITY CLERK

August 2, 2019

Monica Martinez Simmons  
Seattle City Clerk  
600 4<sup>th</sup> Avenue, 3<sup>rd</sup> Floor  
Seattle, WA 98124

Dear Ms. Martinez Simmons,

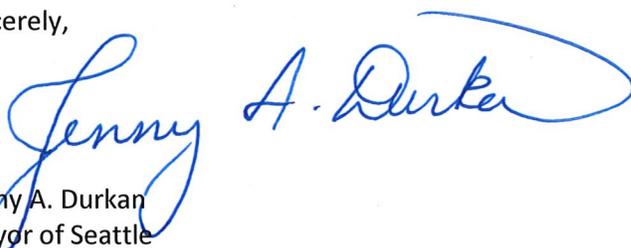
Acting under my authority in Article IV, Section 12 of the Seattle City Charter, I have vetoed and am returning Council Bill 119551, which amends the law governing the uses of the Sweetened Beverage Tax (SBT) revenue.

I agree that the Sweetened Beverage Tax is regressive and should be used only for the purposes set forth in the adopting ordinance, and to further expand important City investments for our most vulnerable population. Every one of the programs funded in the adopted and endorsed budget met these requirements. Council has now changed its mind and only wants to fund *new* programs. This eliminates \$6.3 million in funding for critical programs without identifying additional revenue or corresponding budget reductions. This \$6.3 million budget deficit is in addition to the \$1.1 million deficit created by Council Bill 119402 and the new \$1.9 million in ongoing funding commitments directed for human services provider wages in Council Bill 119542.

My first priority throughout the debate over Council Bill 119551 has been to protect any potential cuts to the existing low-income programs that are currently funded by the Sweetened Beverage Tax. Council's own Central Staff had warned that "[p]rograms where [Sweetened Beverage Tax] revenues were used to supplant General Fund resources could be reduced or eliminated as a result of this legislation, barring other budget cuts or creation of new revenue sources to backfill the removal of SBT funds." Throughout this entire discussion, Council has never proposed potential new sources of revenue or cuts.

I urge Council to reconsider its vote on this legislation and to work collaboratively with me on a potential solution for the 2020 Budget, as well as the next biennium budget. As Council also knows, its attempt to set budget parameters in this way is inconsistent with budget authority laws and practices.

Sincerely,



Jenny A. Durkan  
Mayor of Seattle