

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE relating to the financing of 2018 activities evaluating effects of the Sweetened Beverage Tax, and authorizing an interfund loan from the Revenue Stabilization Fund (00166) to the General Fund (00100) in the amount of \$500,000.

..body

WHEREAS, on June 6, 2017, the City Council passed Ordinance 125324, imposing a tax on

engaging in the business of distributing sweetened beverages, the “Sweetened Beverage Tax (SBT)”;

WHEREAS, Ordinance 125324 requires that the City Auditor contract with academic researchers to complete an annual evaluation of the effects of the tax; and

WHEREAS, Ordinance 125324 provides that a minimum of \$500,000 per year for at least the first five years, beginning with the date of adoption of Ordinance 125324, shall be dedicated to this evaluation; and

WHEREAS, SBT revenues will not begin to accrue until after January 1, 2018; and

WHEREAS, baseline assessments for the evaluation required by Ordinance 125324 are occurring during 2017; and

WHEREAS, the 2017 budget was amended to advance \$480,000 from the General Fund to finance 2017 SBT evaluation activities; and

WHEREAS, a portion of 2018 SBT revenues will be needed to cover 2017 evaluation costs, leaving only \$20,000 allocated for evaluation activities in 2018; and

WHEREAS, Public Health – Seattle & King County has estimated the 2018 SBT evaluation costs to be \$596,562; and

1 WHEREAS, the City Council has determined that this interfund loan is consistent with the Debt
2 Management Policies adopted by Resolution 31553; and

3
4 WHEREAS, regarding use of the proceeds of an interfund loan for operating costs, the City
5 Council has determined that there is no viable alternative to an interfund loan available
6 for accomplishing the evaluation directive of Ordinance 125324 in 2018; and

7 WHEREAS, the Revenue Stabilization Fund (00166) has sufficient cash balance through the end
8 of 2019 to accommodate this interfund loan; NOW, THEREFORE,

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

10 Section 1. The City Council finds that there is no viable alternative to meet a core City
11 objective and that consideration by the Debt Management Policy Advisory Committee is not
12 required for this loan, and therefore the Director of Finance is authorized to make a loan of up to
13 \$500,000 of principal and interest outstanding at any one time from the Revenue Stabilization
14 Fund (00166) to the General Fund (00100) from which funds may be drawn to pay for SBT
15 evaluation activities. The loan shall be repaid no later than December 31, 2019, with interest on
16 the loan at the rate of return of the City's Consolidated (Residual) Cash Pool.

17 Section 2. The entire principal and interest amount of the loan authorized in Section 1 of
18 this ordinance, and owed by the General Fund to the Revenue Stabilization Fund, is intended to
19 be repaid no later than December 31, 2019 from the revenues generated from the Sweetened
20 Beverage Tax.

21 Section 3. The Director of Finance may effectuate the loan authorized in Section 1 of this
22 ordinance by transferring cash from the Revenue Stabilization Fund to the General Fund until no

- 1 later than December 31, 2019. The Director of Finance is further authorized to establish, and
- 2 modify if necessary from time to time, a repayment plan and schedule.

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 _____ day of _____, 2017,
5 and signed by me in open session in authentication of its passage this _____ day of
6 _____, 2017.

7 _____
8 President _____ of the City Council

9 Approved by me this _____ day of _____, 2017.

10 _____
11 _____, Mayor

12 Filed by me this _____ day of _____, 2017.

13 _____
14 Monica Martinez Simmons, City Clerk

15 (Seal)