



Legislation Text

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File #: CB 119551, Version: 4

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**CITY OF SEATTLE**

**ORDINANCE \_\_\_\_\_**

**COUNCIL BILL \_\_\_\_\_**

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

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

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

**5.53.055 Sweetened beverage tax-Allocation of proceeds**

Services funded by the proceeds of the beverage tax are intended to expand access to healthy and affordable food; ~~((7))~~ close the food security gap; ~~((7))~~ promote healthy nutrition choices; ~~((7))~~ reduce disparities in social, developmental, and education readiness and learning for children; ~~((7))~~ assist high school graduates enter college; ~~((7))~~ and expand services for the birth-to-five population and their families.

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

1. One-time costs necessary to enable the administration of the tax;
2. Up to \$5,000,000 in total as a contribution to an endowment for the Seattle Colleges 13th Year Promise Scholarship program;
3. Up to \$1,500,000 in total as funding for job retraining and placement programs for workers adversely impacted by the tax; and
4. Funding for capital projects to construct or enhance classroom facilities for use by the Seattle Preschool Program.

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

and fifth years of collections.

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

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

1. Expanding access to healthy and affordable food, closing the food security gap, and promoting healthy food choices through programs including, but not limited to:
  - a. Community-based investments to expand food access, such as food banks and meal programs;
  - b. Fresh Bucks and Fresh Bucks to Go;
  - c. Implementation of the Seattle Food Action Plan;
  - d. Public health and nutrition programs targeted to assist persons experiencing diabetes and obesity;
  - e. Public awareness campaigns to highlight the impact of sugar-sweetened beverages on health outcomes and increase education about healthy food and beverages; and
  - f. Capital investments to promote healthy choices, such as water bottle filling stations in schools and community centers.
2. ~~Evidence~~ Expanding evidence-based programs that improve the social, emotional, educational, physical, and mental health of children, especially those prenatal-to-age-three and kindergarten readiness 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, such as home visiting programs and child care assistance.
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 under subsection 5.B of ~~((this ordinance))~~ Ordinance 125324, including costs borne by other City departments in facilitating such evaluations.

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

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

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

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

Passed by the City Council the \_\_\_\_\_ day of \_\_\_\_\_, 2019, and signed by me in open session in authentication of its passage this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

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

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

\_\_\_\_\_  
Jenny A. Durkan, Mayor

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

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

(Seal)

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

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

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

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

(Seal)

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

Attest: \_\_\_\_\_

Monica Martinez Simmons, City Clerk