SUMMARY and FISCAL NOTE

Department:	Dept. Contact:	CBO Contact:
City Budget Office		Akshay Iyengar

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to the Sweetened Beverage Tax; amending Section 5.53.055 of the Seattle Municipal Code to remove obsolete guidance on use of proceeds and remove non-supplantation funding provisions.

Summary and Background of the Legislation: Seattle's Sweetened Beverage Tax (SBT) has helped expand the City's food, nutrition, and childcare programming, including expansions of food banks and meal support in the Human Services Department (HSD), and the Childcare Assistance Program (CCAP) and Prenatal-to-Three Community Grant programs in the Department of Education and Early Learning (DEEL). These expansions advance the tax's original goal: promoting healthy lifestyles to counteract the harms of sugary drinks.

To put these programs on stable fiscal footing, the 2026 Proposed Budget rebalances their funding sources, better aligning funding with appropriate tax sources. The 2025 Family, Education, Preschool, and Promise (FEPP) Levy renewal, if approved, will make DEEL programming currently funded by SBT eligible for 2025 FEPP Levy funding. The 2026 Proposed Budget therefore shifts \$7.4 million in SBT-funded DEEL programming from SBT to the FEPP Levy and shifts \$7.1 million in HSD food programming currently funded by General Fund to SBT. This re-alignment requires a reconsideration of the Seattle Municipal Code's supplantation restrictions in the SBT Fund.

In addition, this legislation removes outdated language governing use of proceeds in the first five years of the tax as that time period has lapsed. This provides greater clarity about current eligible uses for SBT revenues.

2. CAPITAL IMPROVEMENT PROGRAM	
Does this legislation create, fund, or amend a CIP Project?	☐ Yes ⊠ No
3. SUMMARY OF FINANCIAL IMPLICATIONS	
Does this legislation have financial impacts to the City?	☐ Yes ⊠ No

3.d. Other Impacts

Does the legislation have other financial impacts to The City of Seattle, including direct or indirect, one-time or ongoing costs, that are not included in Sections 3.a through 3.c? If so, please describe these financial impacts.

As described in the Summary and Background section above, this legislation aligns spending and budget in a more sustainable way for the long-term.

If the legislation has costs, but they can be absorbed within existing operations, please describe how those costs can be absorbed. The description should clearly describe if the absorbed costs are achievable because the department had excess resources within their existing budget or if by absorbing these costs the department is deprioritizing other work that would have used these resources.

N/A

Please describe any financial costs or other impacts of *not* implementing the legislation. If this legislation is not implemented, food and meal programs in the Human Services Department will be underfunded by \$7,115,871 in 2026.

Please describe how this legislation may affect any City departments other than the originating department.

N/A

4. OTHER IMPLICATIONS

a. Is a public hearing required for this legislation?

b. Is publication of notice with The Daily Journal of Commerce and/or The Seattle Times required for this legislation?

No.

c. Does this legislation affect a piece of property? No.

- d. Please describe any perceived implication for the principles of the Race and Social Justice Initiative.
 - i. How does this legislation impact vulnerable or historically disadvantaged communities? How did you arrive at this conclusion? In your response please consider impacts within City government (employees, internal programs) as well as in the broader community.

N/A

ii. Please attach any Racial Equity Toolkits or other racial equity analyses in the development and/or assessment of the legislation. $\rm N\!/\!A$

iii. What is the Language Access Plan for any communications to the public? $N\!/\!A$

e. Climate Change Implications

i. Emissions: How is this legislation likely to increase or decrease carbon emissions in a material way? Please attach any studies or other materials that were used to inform this response.

N/A

ii. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

N/A

- f. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)? What mechanisms will be used to measure progress towards meeting those goals? $\rm N/A$
- g. Does this legislation create a non-utility CIP project that involves a shared financial commitment with a non-City partner agency or organization?

 No.

5. ATTACHMENTS

Summary Attachments: None.