

Fiscal Impact Statement for Initiative 1634

FISCAL IMPACT SUMMARY

Initiative 1634 prohibits new or increased local taxes, fees or assessments on raw or processed foods, beverages or their ingredients, intended for human consumption except alcoholic beverages, marijuana products and tobacco, unless they are generally applicable and meet specified requirements. The initiative allows local government to continue to collect revenue if the ordinance was in effect by Jan.15, 2018. The revenue and expenditure impacts cannot be determined because the potential lost revenue is based on volume of product sold within the jurisdiction.

GENERAL ASSUMPTIONS

- The effective date of the initiative is Dec. 6, 2018.
- The provisions of the initiative apply to taxes, fees or other assessments on groceries applied after Jan. 15, 2018.
- Estimates use the state's fiscal year of July 1 through June 30. Fiscal year 2019 is July 1, 2018, to June 30, 2019.

REVENUE

Local revenue impacts

The initiative has an indeterminate impact on local revenue. It would prohibit imposing or collecting any new tax or fee, or making an inflationary adjustment on taxes or fees on certain grocery items after Jan. 15, 2018.

The city of Seattle enacted a sweetened beverage privilege tax prior to the effective date of the initiative. Seattle estimates the tax will generate \$23.378 million per year. Since the imposition of the tax was started before Jan. 15, 2018, the tax will remain in effect. However, the city of Seattle would not be able to adjust the tax by inflation.

State revenue impacts assumptions and description

The initiative would not have a state revenue impact because it does not apply to state taxes, fees or other assessments.

EXPENDITURES

Local government expenditures

The initiative would not have an expenditure impact on local governments because it prevents the future imposition of local taxes or fees on groceries after Jan. 15, 2018.

State government expenditures

The initiative would not have an expenditure impact on state government because it does not apply to state taxes, fees or other assessments.