

Sweetened Beverage Tax Community Advisory Board

Presentation to the Finance & Housing Committee

February 1, 2023

Tanika Thompson-Bird, CAB Co-Chair

Jen Moss, CAB Co-Chair



Photo credit: Farm to Table



Agenda

- Background
- Role of the Sweetened Beverage Tax Community Advisory Board (CAB)
- Program highlights
- Policy considerations and recommendations
- Q & A

(Agenda Footnote)

- Not included in today's presentation - the 5-year Sweetened Beverage Tax Evaluation (authorized by Section 5B of [Ordinance 125324](#)).
- Visit [CAB webpage](#) for details and evaluation reports.
- Look for new reports assessing consumption of sugary beverages 24-months post-tax, coming out soon.

Background



Sweetened Beverage Tax

Supporting healthy food and child health and development



Beginning in 2018, Seattle started taxing sugar-sweetened beverage products distributed within the city ([Ordinance 125324](#)). The Sweetened Beverage Tax (SBT) is not a sales tax charged directly on consumers. Instead, this tax makes distributors pay a tax (of 1.75 cents per ounce) on sugar-sweetened beverage products they distribute within the City of Seattle.

Why did Seattle pass this tax?

The tax was designed to improve the health of Seattle residents by reducing the sales and consumption of sugary drinks. In addition, the tax revenue is primarily used to support healthy food access, child development, and early learning programs. Research has shown that sugary drinks can lead to long-term weight gain, which can increase risk of developing **type 2 diabetes**, **high blood pressure**, and heart disease. Sugary drinks also lead to cavities. A 20-ounce bottle of soda can pack over 15 teaspoons of added sugar and over 250 calories with poor nutritional value.



- SBT started in 2018
- [Tax is levied on distributors of sugary beverages \(1.75 cents per ounce\)](#)
- Designed to improve the health of Seattle residents by reducing the sales and consumption of sugary drinks
- Raises revenue for programs that increase food security and access to healthy food, and support children's health and early learning ([SMC 5.53.055](#))



[Click here](#) to access our fact sheet in multiple languages

Community Efforts to Design the SBT

In 2017, community coalitions led efforts to ensure SBT revenue would be reinvested to benefit low-income communities and communities of color and close the food security gap.

This is a legacy the CAB continues today.



Role of the Sweetened Beverage Tax Community Advisory Board (CAB)



- Established by [Ordinance 125324](#)
- Advise and make [recommendations](#) to the Mayor and City Council on programs and services supported by the SBT
 - Budget
 - Policy
 - Program implementation
- Serve as a conduit for community priorities

CAB in 2023 ([click here](#) for roster)



Jaimee Marsh
#1: Food Access

FEEST



Barbara Baquero
#2: Food Access

UW School of Public Health



Rebecca Finkel
#3: Food Access

*Puget Sound Education
Service District*



Bilan Aden
#4: Community

*African Community
Housing & Development*



Tanika Thompson-Bird
#5: Community

Got Green



Christina Wong
#6: Public Health

Northwest Harvest



Kristin Sukys
#7: Public Health

*Food is Medicine
Consultant*



Jen Moss
#8: Public Health

WSU SNAP-Ed



Barbara Rockey
#9: Public Health

Treehouse



Munira Mohamed
#10: Early Learning

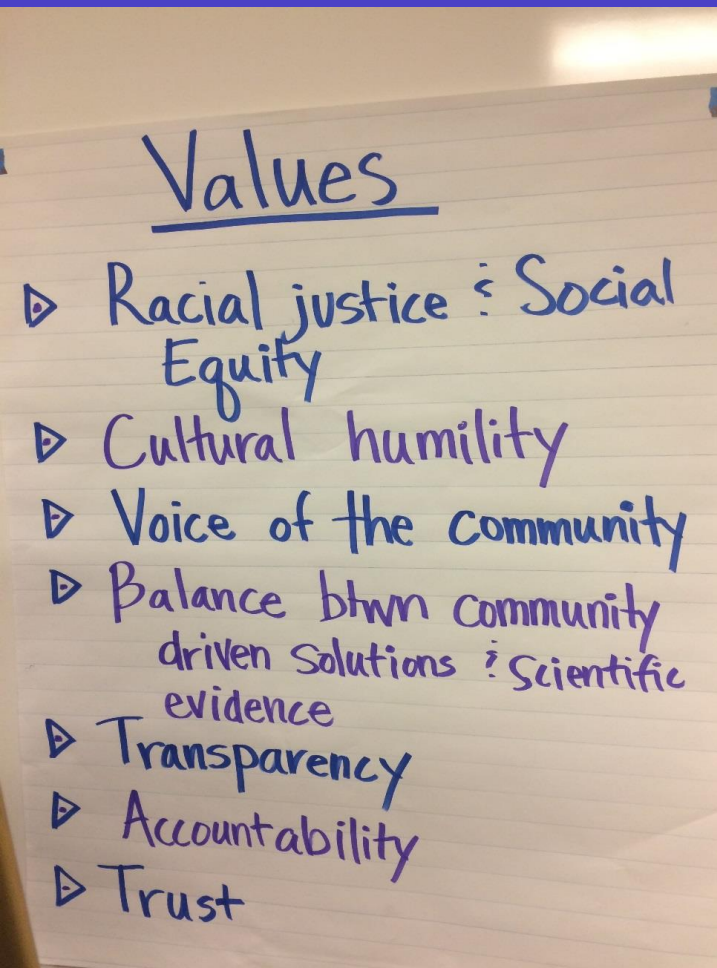
Treehouse



Dan Torres
#11: Early Learning

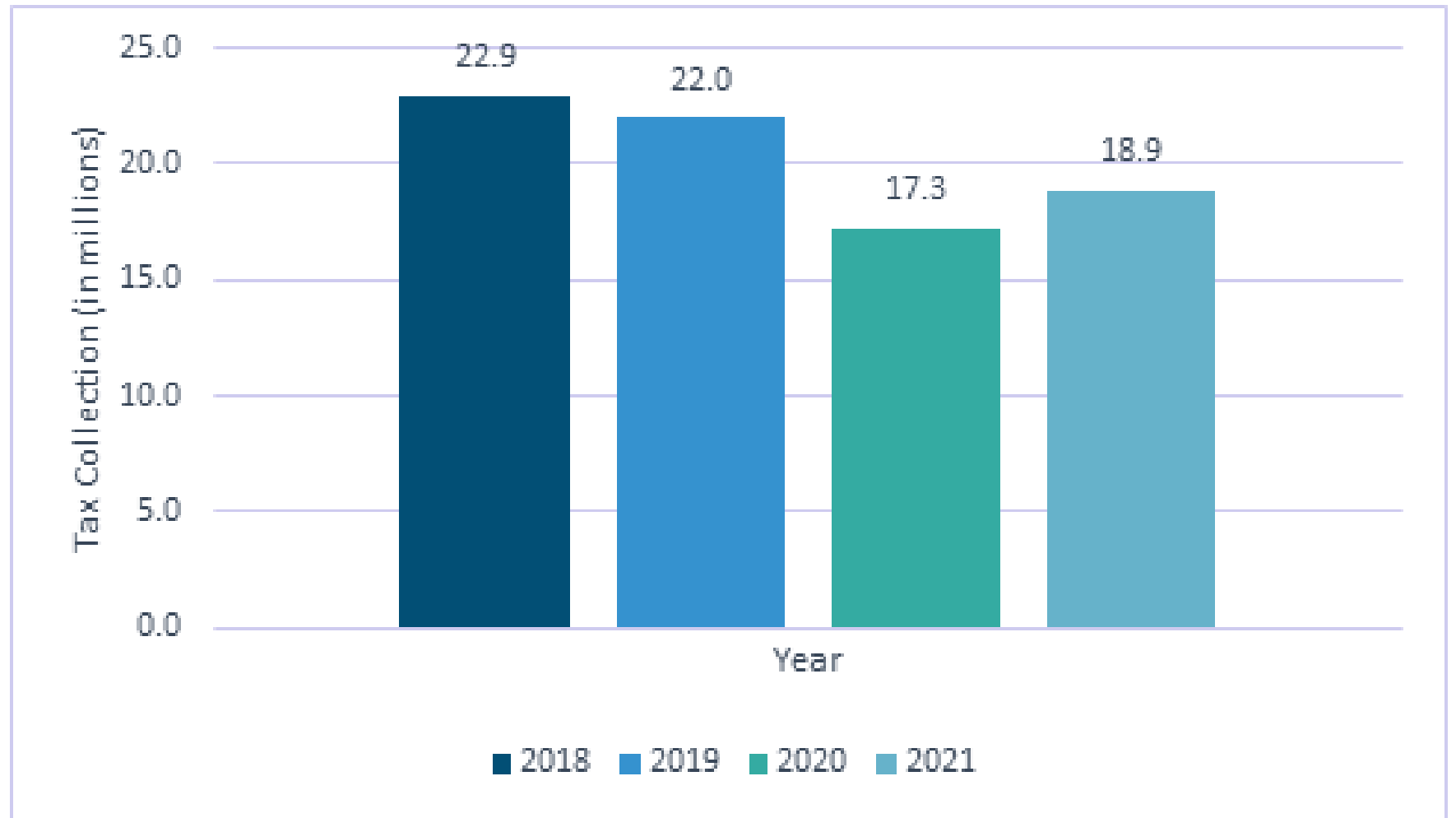
Bezos Family Foundation

CAB's Process and Approach



- [Monthly meetings](#), open to the public
- Values-driven facilitation and decision making
 - [Vision, Values, Budget Principles](#)
 - [Bylaws](#)
- Informed by community priorities, current context, and program information

SBT Collection



[2021 Annual Report](#) (Chapter 2, pp 7-11)

SBT Spending Plan

Expenditures	2022 Proposed* (\$)
Office of City Auditor^	
Office of Sustainability & Environment	5.9 million
Department of Education & Early Learning	7.8 million
Human Services Department	4.9 million
Department of Parks & Recreation	303K
Department of Neighborhoods	2.9 million

*Source: [SBT \(00155\) Financial Plan](#) from the 2022 Proposed Budget.

^Five-year evaluation of SBT (\$500K/year 2017-2021) has wrapped up.

SBT Program Highlights

Photo credits: Public Health - Seattle & King County (upper right), Food Equity Fund (lower right), stock image (lower left).



The Need

Food Security Programs

- Food security is essential to health, wellbeing, and child development.
- 11% of Seattle residents experience food insecurity.
- Due to socioeconomic inequities, rates of food insecurity are significantly higher for BIPOC households, low-income households, and households with children.

Prenatal-to-Three Programs

- Prenatal to age three period of development sets the foundation for all future health and wellbeing.
- Infants and toddlers need loving, stimulating, stable, and secure care environments.
- Social, economic, and environmental disparities and adversity in the early years of a child's life lead to disparities in health and educational outcomes later.

Prenatal-to-Three Programs

SBT Investments (DEEL)	Impact Snapshot*
Prenatal-to-Three Community Grants Program	10 grassroots organizations awarded \$1.5 million in funding
Child Care Assistance Program	733 income-eligible families (85% BIPOC) benefitted from subsidies
Health & Developmental Supports	178 children served with intensive developmental support
Home Visiting/Parent Child+	290 families served with home visiting supports (46 visits per family)
Birth-to-Three Provider Coaching and Training	22 classrooms received high-quality coaching
Family Child Care (FCC) Support	35 FCC providers participated in new home visiting model

*Data is from 2021 and includes only the SBT-funded outcomes. Our 2022 report will be coming out this year.

[2021 Annual Report](#) (Chapter 5, pp 31-39)

Prenatal-to-Three Community Based Organizations

Atlantic Street Center
Boyers Children's Clinic
Bulle Consulting
Children's Home Society of Washington
CISC
Communities of Rooted Brilliance
Congolese Integration Network
East African Community Services
El Centro de la Raza
Empowering Youth and Families Outreach
Encompass
Families of Color Seattle
Horn of Africa Services
InterCultural Children and Family Services
Iraqi Community Center of Washington
Kindering
InterCultural Children and Family Services

Korean Community Service Center
Neighborhood House
Northwest Center Kids
Rainier Valley Midwives
RHL Consulting
Start Early (formerly known as the Ounce)
Stolte Family Foundation
The Maternal Coalition
United Indians
United Way of King County
Verrenti Consulting
Villa Comunitaria
Voices of Tomorrow
West African Community Council
Wonderland Developmental Center
YWCA of Seattle

[2021 Annual Report](#)

Food Security Programs

SBT Investments	Impact Snapshot*
Community grants** (DON)	35 food justice organizations awarded \$1.2 million
Fresh Bucks (OSE)	12,100 enrolled households; \$5.2 million in produce benefits redeemed
Food banks (HSD)	270,000 food banks visits at 18 food bank organizations and 20 locations
Meal programs (HSD)	1,200,000 meals provided in community and elder congregate meal settings
Farm to Preschool (HSD)	36,000 produce bags (43% local, 30% BIPOC farms) distributed in preschools sites
Healthy Food in Schools (OSE)	4,000 students (15 schools) served fruit and veggie snacks, 4x/week, every week
Water filling stations (OSE)	8 new water filling stations installed at low-income schools (20 installations total)
Food Policy (OSE)	Staffing and community engagement to update the Food Action Plan

*Data is from 2021 and includes only the SBT-funded outcomes unless otherwise noted. Our 2022 report will be coming out this year.

** In 2021, SBT funds to support community grant programs were transferred from HSD to DON. In 2021, DON extended the grants of the HSD grantees while it designed and planned for the release of what is now called the Food Equity Fund. Today, the Food Equity Fund is \$2.3 million per year ongoing.

[2021 Annual Report](#) (Chapter 4 , pp 14-30)

Food Security Community Based Partners

Afghan Health Initiative
African Community Housing & Development
American Polynesian Organization
Ammana Warehouse & Grocer
AMpowering (formerly Ravishing Women)
Asian Counseling and Referral Services
Atlantic Street Center
Avole Coffee, LLC
Ballard Food Bank
Black Dollar Days Task Force
Black Farmers Collective
Black Star Farmers
Byrd Barr Place
Casa Latina
Children's Home Society of Washington
CISC (Chinese Information & Services Center)
Coalition of Immigrants, Refugees and
Communities of Color (CIRCC)
Colored Girls Garden Club
COMIDA
Community House Mental Health Agency,
Inc.
Community Lunch on Capitol Hill
Cultivate South Park
Delridge Grocery Cooperative
East African Community Services
El Centro de la Raza
Eritrean Association in Greater Seattle
FamilyWorks

FareStart
Farmstand Local Foods LLC
FEEST
Filipino Community of Seattle
First Tongan Seniors Nutrition
Food is Love Project
Foundation for Sustainable Community
(doing business as Farmer Frog)
Fruteria Sandoval
Got Green
Harameyn Halal Grocer
Harborview Medical Center
Hip Hop is Green
Horn Of Africa Services
HT Oaktree Market
Hunger Intervention Program
Interim Community Development
Association
International Community Health Services
Jewish Family Service of Seattle
Kaiser Permanente
Kandelia
Lake City Collective
Latino Community Fund
Lifelong Chicken Soup Brigade
Lonely Whale
Mary's Place
Mendoza's Mexican Mercado
Mercy Housing

Nakani Native Program
Neighborcare Health Systems
Neighborhood Farmers Market Alliance
Neighborhood House
North Helpline
Northwest Seattle Gambian Association
Nourishian for Life
Nurturing Roots
Odessa Brown Children's Clinic
OSL
Pacific Coast Harvest
Phinney Neighborhood Association
Pike Market Senior Center
Pike Place Market Foundation
Pike Place Market Preservation and
Development Authority
Plant Based Food Share
Public Health Seattle & King County
Puget Sound Labor Agency
Queen Anne Farmers Market
Queer The Land
Rainier Beach Action Coalition
Rainier Valley Food Bank
Recovery Cafe
Restore and Repair Missionary Outreach
ROOTS Young Adult Shelter
S'well
Safeway Corporation
Seattle Chinatown International District PDA

Seattle Farmers Market Association
Seattle Indian Center
Seattle Indian Health Board
Seattle Public Schools
Society of St. Vincent de Paul
Solid Ground
Somali Family Safety Task Force
Somali Health Board
Sound Generations
South Park Senior Citizens
Temple Lifestyle
The Food Bank at St. Mary's
Tilth Alliance
United Indians of All Tribes Foundation
University District Service League
Villa Comunitaria
West African Community Council
West Seattle Food Bank
White Center Food Bank

[2021 Annual Report](#)



Photo credits: stock image (left); field trip with HSD Senior Meals program (middle); Farm-to-Preschools (right).

Policy Considerations

Key Points

- Food security and prenatal-to-three programs/services are essential to a healthy, thriving and equitable Seattle.
- There are identified needs and opportunities in these programs/services, e.g.:
 - Increase offerings of culturally relevant foods and services in hunger relief programs
 - Invest in culturally and linguistically relevant outreach for the Developmental Bridge program
 - Expand the Food Equity Fund (which saw *\$10.5 million* in funding requests with \$3.8 million available in 2022; in 2023, only \$2.3 million is available)
 - Increase Fresh Bucks customer service supports and enroll waitlisted households
 - Invest in actions identified in the Food Action Plan Update to foster an equitable food system
- Structural constraints with SBT limit the SBT Fund from meeting current and future needs.

Summary of Selected General Government Revenues

Revenue Source	2022			2023			2024			Total
	2022 - Revised per Proposed Budget	2022 - November Forecast	Diff: November vs. Proposed	2023 - Proposed Budget	2023 - November Forecast	Diff: Nov. vs. Proposed	2024 - Proposed Budget	2024 - November Forecast	Diff: Nov. vs. Proposed	3-Year Total Difference
General Government Revenues										
Payroll Tax	\$279,640	\$279,640	\$0	\$294,120	\$294,120	\$0	\$311,470	\$311,470	\$0	\$0
Admission Tax	\$20,350	\$20,350	\$0	\$21,430	\$21,430	\$0	\$22,150	\$22,150	\$0	\$0
Sweetened Beverage Tax	\$21,770	\$20,700	(\$1,070)	\$21,980	\$20,390	(\$1,590)	\$22,530	\$20,700	(\$1,830)	(\$4,490)
Short-Term Rental Tax	\$9,050	\$9,630	\$580	\$9,310	\$9,430	\$120	\$9,950	\$10,080	\$130	\$830
REET	\$106,600	\$95,260	(\$11,340)	\$94,760	\$68,060	(\$26,700)	\$94,660	\$68,640	(\$26,020)	(\$64,060)
Transportation-Specific Revenues										
Trans. Ben. Dist. - Sales & Use Tax	\$51,030	\$51,620	\$590	\$52,910	\$52,250	(\$660)	\$54,350	\$53,360	(\$990)	(\$1,060)
Trans. Ben. Dist. - Vehicle License Fee	\$15,480	\$15,480	\$0	\$15,690	\$15,690	\$0	\$15,910	\$15,910	\$0	\$0
Commercial Parking Tax	\$37,870	\$37,560	(\$310)	\$46,110	\$45,030	(\$1,080)	\$49,130	\$47,050	(\$2,080)	(\$3,470)
SSTPI - Parking Infraction Penalties	\$12,720	\$12,720	\$0	\$14,840	\$14,840	\$0	\$14,060	\$14,060	\$0	\$0

2023 Budget Process and Beyond

- SBT Fund faced a budget gap in 2022 and 2023.
- Cuts to critical prenatal-to-three and food security programs were on the table.
 - We worked with departments to identify strategic reductions that would not impact direct services for residents in need. **But this means the current SBT spending plan is as bare bones as possible.**
- **FG-903-A-001-2023** in the Select Budget Committee's Initial Balancing Package transferred \$1.2 million JumpStart Fund in 2023 and 2024 (one-time) to SBT Fund to keep programs whole through 2024.
- **If we face 2025 with the current forecast and the SBT Fund's planning reserve is \$0 and the \$1.2 million JumpStart allocations ends, there will be a shortfall.**

Structural Issues with SBT

- **SBT does not adjust for inflation.** Meanwhile, inflation and food prices continue to be historically high—a serious issue for food insecure households *and* food security programs.
 - In 2022, food prices increased by 9.9 percent. Food-at-home prices (groceries) increased by 11.4 percent, while food-away-from-home prices increased by 7.7 percent ([USDA Food Price Outlook 2023](#)).
- **SBT could be a declining revenue source (by design).**
 - While studies measuring the impact of SBT on consumption are showing mixed results, one study using Nielsen grocery store scanner data suggested there was a 22 percent immediate, sustained reduction in taxed beverage volume sold up to 2-years post-tax (reviewed in [Powell LM et al. 2022](#)).
- **SBT tax rate cannot be changed due** to an industry-backed initiative ([WA I-1624](#)) that prohibits local governments from enacting sugary beverage taxes *and* prohibits any existing taxes, fees, or assessments from being increased after January 15, 2018.

Recommendations

1. Identify alternative revenue resources to plug anticipated 2025 SBT shortfall. Further cuts to food security and prenatal-to-three services should not be an option.
2. City's new Revenue Stabilization Work Group needs to consider structural issues with SBT.
3. Food security and prenatal-to-three programs/services need diverse and progressive revenue streams to meet urgent need in communities.

City of Seattle Forms Revenue Stabilization Work Group

by [Jamie Housen](#) on October 11, 2022



Balanced team of experienced, policy-minded civic leaders will develop and recommend innovative long-term solutions to halt increasing General Fund revenue gap and address regressive tax system

Seattle – Today, Mayor Bruce Harrell and Councilmember Teresa Mosqueda (Pos. 8 – Citywide) announced the formation of the City's Revenue Stabilization Work Group. The group includes a diverse array of local leaders and policy experts, who will analyze issues and recommend solutions at the intersection of the City's increasing General Fund budget revenue gap and reliance on declining and regressive tax sources.

CAB 2023 Workplan

Photo credits: OSE Health Food in Schools (upper right); stock image (lower right); Farm-to-Preschools (lower left).



CAB 2023 Priorities

- Consider how to commemorate the 5th year of SBT
- Review and update CAB values, budget principles, bylaws
- Develop new framework to guide CAB budget recommendations when there is SBT budget volatility
- Continue advising SBT-funded departments on program implementation
- Transmit annual budget recommendations to Mayor and City Council
- Produce 2022 SBT Annual Report

Values

- ▷ Racial justice : Social Equity
- ▷ Cultural humility
- ▷ Voice of the community
- ▷ Balance btwn community driven solutions : Scientific evidence
- ▷ Transparency
- ▷ Accountability
- ▷ Trust



Sweetened Beverage Tax Community Advisory Board

Photo credits: OSE Fresh Bucks (upper); stock image (lower right).

Thank you!

