

Sweetened Beverage Tax Budget Update – October 1, 2021

The Mayor’s 2022 Proposed Budget was released on September 27, 2021. It proposes around \$22 million in SBT-funded spending, against a projected \$22 million in revenue. The following table was provided by the City Budget Office, and below are SBT-related excerpts from the [Mayor’s 2022 Proposed Budget](#).

Budget Overview

(Amounts in \$1000s)	2021 Adopted	2021 Revised	2022 Proposed
Beginning Balance	103	6,096	2,275
Revenue	20,772	20,772	22,292
Expenditures	20,757	23,350	21,937
<i>DEEL</i>	7,808	9,389	7,816
<i>HSD</i>	4,743	5,130	4,897
<i>OSE</i>	5,930	7,406	5,948
<i>DON</i>	1,473	1,243	2,973
<i>SPR</i>	303	425	303
<i>AUD</i>	500	1,000	--
<i>Worker Retraining</i>	--	--	--
Ending Cash Balance	118	2,275	2,629
Reserves	2,000	2,000	2,164
Revenue Stabilization Reserve	2,000	2,000	2,000
Planning Reserve	0	0	164
Ending Unreserved Balance	(1,882)	275	465

Note: 2021 Revised includes budget changes due to COVID as well as 2020 carryforwards.

SBT Excerpts from 2022 Proposed Budget

The following document compiles City department-level descriptions of significant SBT-funded program changes from the 2021 Adopted Budget (the “baseline” budget). The descriptions are from the [2022 Proposed Budget Book](#) and the corresponding pages are included.

Sweetened Beverage Tax Fund – Revenue Overview (p 72)

On June 5, 2017, the City Council approved the Sweetened Beverage Tax (SBT) effective January 1, 2018. Distributors of sweetened beverages are liable for the tax of \$0.0175 per fluid ounce of sweetened beverage distributed into the city of Seattle for final sale to the consumer. Sweetened beverages include sodas, energy drinks, sweetened juices and teas, sport drinks and ready-to-drink coffee drinks. The 2022 Proposed Budget includes revenues of \$22.3 million in 2022 and \$20.7 million in 2021. Restaurant consumption is anticipated to increase somewhat in 2021 and further in 2022. The City received \$15.6 million in 2020 and \$24.1 million in 2019. Revenues will be used to fund educational and food access programs primarily through the Department of Education and Early Learning (DEEL), the Human Services Department (HSD) and the Office of Sustainability and Environment (OSE). Beginning in 2020 these revenues and associated expenditures are moved from the General Fund to the Sweetened Beverage Tax Fund in the City’s accounting system.

Multi-Department Revenue Summary (p 75)

The 2022 proposed budget provides \$21.9 for SBT or Sweetened Beverage Tax-funded programming. The budget supports ongoing funding for Fresh Bucks and Healthy Food in Schools at the Office of Sustainability and Environment (OSE), the Childcare Assistance Program (CCAP) at the Department of Education and Early Learning (DEEL), food system support at the Human Services Department (HSD), and recreational programming at Seattle Parks and Recreation (SPR). Changes for 2022 include providing \$1.5 million in ongoing funding for DEEL’s Prenatal-to-3 grant programming, which was first funded as a one-time pilot program for 2021, and which has been a priority for the Sweetened Beverage Tax Community Advisory Board. The 2022 proposed budget also restores \$1.5 million to the Department of Neighborhood’s Equitable Food Fund (formerly the Healthy Food Fund), bringing its SBT funding to nearly \$3 million.

Department of Education and Early Learning (pp 172-173)

Contract Inflation Expenditures (\$130,465)

This is a technical baseline change to include an inflationary adjustment on General Fund and Sweetened Beverage Tax (SBT) contracts

Continue Prenatal to Three Grant program (\$1,500,000)

This item continues funding the Prenatal-3 grant program which was included in the 2021 Adopted Budget as a one-time investment. This program provides funding to community-based organizations that specialize in high-quality prenatal-to-three and kindergarten readiness services that seek to reduce disparities in outcomes for children based on race, gender, or other socioeconomic factors. Priority is given to organizations that offer culturally and linguistically relevant services and outreach, as well as those led by people of color and serving communities of color and/or low-income communities. This

ongoing funding has been recommended by the Sweetened Beverage Tax Community Advisory Board and the program is funded with the Sweetened Beverage Tax (SBT).

Department of Neighborhoods (p 283)

Increase Food Equity Fund Programming (\$1,500,000 expenditures, 4.00 FTE)*

This item adds \$1.5M to the FEF for awards. This item adds position authority and allocates funding for 4 FTEs to scale and administer the fund. The FEF was originally proposed in 2020 as the Healthy Food Fund, bringing together resources from DON and HSD; however, launch of that program was delayed due to COVID-19. This funding increase was recommended by the Sweetened Beverage Tax Community Advisory Board (SBTCAB) and the Equitable Communities Initiative Task Force.

The purpose of the Food Equity Fund Program is to support community-based projects and programs that are food-related consistent with the overarching goal of the Sweetened Beverage Tax of improving public health.

**Note: The FEF also received around \$750,000 million from the Equitable Communities Initiative. The full budget allocation is now around \$3.7 million, which includes support for setting up and administering the grant program.*

Office of the City Auditor (p 523)

Remove Sweetened Beverage Tax Funds Expenditures (-\$500,000)

This technical item reduces the Auditor's 2022 budget by \$500,000 to remove one-time Sweetened Beverage Tax resources added to the department for a five-year evaluation. The Auditor's Office received the equivalent of \$500,000 each year from 2017 - 2021 per Ordinance requirements ([ORD 125324](#) section 5B).