

**Sweetened Beverage Tax Community Advisory Board (CAB)
Meeting Notes**

MEETING SUMMARY	<p>Date: November 18, 2022</p> <p>Time: 9am – 11am</p> <p>Location: Virtual</p>
MEMBERS PRESENT:	Barbara Baquero, Bilan Aden, Rebecca Finkle, Jen Moss, Barbara Rockey, Kristen Sukys, Dan Torres, Tanika Thompson, Christina Wong
MEMBERS ABSENT:	Jaimée Marsh (on sabbatical), Munira Mohamed
GUESTS:	Office of Sustainability & Environment: Bridget Igoe Seattle Parks & Recreation: Ariana Grlj City Budget Office: Greg Shiring and David Hennes

DECISIONS MADE	No December CAB meeting.
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Welcome and Introductions

T. Thompson, CAB Co-Chair, opened the meeting.

- CAB members introduced themselves.
- City staff introduced themselves.

There was no public comment.

SBT Revenue Forecast

Discussion with David Hennes, Economics & Revenue Team Manager

D. Hennes gave a brief overview of how SBT revenue is forecasted and how some recent accounting errors contributed to the declines in SBT revenue forecast in the November update. Some key points:

- Forecasting SBT revenue is challenging. It is hard to forecast how quickly people will return to normal behavior post-COVID, especially when it comes to working from home versus returning to the office. In the downtown core, for example, some workplaces have returned to the office several days a week while others have stayed remote. These workplace behaviors impact SBT revenue collected on things like syrups used in soda foundation drinks. In fact, City saw a decline in revenue collected on syrups during COVID.
- City forecasting has built in time for post-COVID recovery, but recovery has lagged expectations.
- In 2021, the City Budget Office (CBO) changed how it handled SBT accruals—that is, taxes levied for one calendar year but paid in the first quarter of the following year. (Taxes are due on January 31 of each year). When accounting for SBT revenue, CBO moved two months of revenue payments from 2022 receipts back into 2021 revenue collected. However, the forecast did not account for these accruals. In effect, it was as if the 2022 forecast was based on 13-14 months of

revenue collection, which produced an artificially high revenue forecast. When CBO corrected for the accrual error, it changed the forecast by about \$1 million.

- CBO is still waiting for November revenues to come in. Some of the administrative error with accruals may be corrected by actual revenues, but this is uncertain.
- Broadly speaking, national and local economic outlooks are forecasting a recession into Q1 and Q2 of 2023 and then a gradual recovery.

CAB member questions:

- How much of the variance is expected and how much can be explained by workforce habits?
- Will the City be reviewing the tax? How should we plan to move forward in the coming years, and do we need to consider other revenue sources?

From a forecasting perspective, CBO’s advice is to plan for volatility and try to manage the budget in ways that build in a reserve. There was a roughly 10% reserve established, but that is being used to fill the current budget gap. Additionally, City Council is filling the SBT budget gap with \$1.2 million from the JumpStart Fund. This means that SBT-funded programming is whole for the next two years. But, by 2025, the reserve is \$0 and the one-time Jump Start backfill ends. If the City faces 2025 with the current forecast, there will be a \$2.2 million reduction in programming to balance at that point.

November revenue update:

Summary of Selected General Government Revenues

Revenue Source	2022			2023			2024			Total 3-Year Total Difference
	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	
<i>General Government Revenues</i>										
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)
<i>Transportation-Specific Revenues</i>										
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

CAB Check-in

Small and full group discussion reflecting on the year and CAB member experiences

The CAB took some time to reflect on the year, thinking about these questions:

- *What is satisfying to you about being part of the CAB?*
- *What would make your experience on the CAB better?*
- *How does your CAB work connect to your daily work?*

What's Satisfying

- *Serving on the CAB helps to keep me connected to where I live.*
- *The CAB has been successful at keep programs intact, even during turbulent times. Decision makers are listening to us.*
- *Learning and listening from others.*
- *Good support from City staff.*
- *CAB always shows up and cares.*
- *The work is transformative. I live in the communities where these services and supports are needed and I can see firsthand the impact they are making. And I get to see the process of how the work is supported on the policy side.*
- *How we do the work and how it's facilitated and accountable to our values and principles. This CAB practice of values-driven work ripples into other spheres.*
- *We're reactive and active and responsive to the changing times – and we have great foundations (values, principles) to drive the work and our recommendations. We're actually acting on equity. I'm proud of our work as a CAB!*

What would be even better

- *What's weighing on us is the obligation to community, especially when we're needing to consider cuts. The need in community is high – inflation, end of COVID waivers, end of federal support. **Let's spend time as CAB to discuss a transitional plan** – to identify sustainable funding and resources; to consider what should be put in place to scale back on investments. All while protecting community.*
- *Some in-person time.*

CAB/Work Connections

- *Very connected to my past work to advocate that if this tax was passed, the investments should be invested in communities most impacted and support food security.*
- *I work on state and federal policy issues (funding, legislation, etc.), and this is a perspective I bring to the CAB. There's lots of innovation happening at the local level that I can bring to state and federal work. Learning about local soda taxes and thinking about how this could be implemented at the state level.*
- *I work in early childhood as a funder and one that aims to be responsive to community priorities. The CAB is a good model for this practice and an example I reference in my work..*

CAB's 2023 Calendar and Activities

Discussion led by CAB co-chairs and CAB staff to start planning for 2023

The CAB co-chairs proposed cancelling the December meeting and there were no concerns from CAB members.

The CAB discussed some early ideas for 2023 planning, including potential meeting and briefing formats. Ideas from the CAB included ([Jamboard](#)):

- CAB is generally open to monthly meetings on Friday mornings
- CAB is open to introducing a few in-person meetings in 2023

- Ways to make in-person meetings convenient and safe:
 - Start at 10am
 - PCR tests 72 hours before meeting
 - Home test day of either at home or at the door
 - Offering a hybrid option so if someone is feeling sick but still wants/able to participate they can do so from home. Also may help community with public testimony.
 - Regarding locations:
 - Find locations with easy parking and not downtown. South is great.
 - Find space as big as possible to allow for not being in too close of quarters.
 - Pacific Tower is a space to consider. Fare Start caters there.
 - Have locations with windows to have flowing air.
 - Meeting outdoors in the spring (weather permitting).
 - Prioritize meeting where funded programs are situated
 - Rainier Beach Urban Farm and Wetlands.
- In addition to briefings already presented (see screenshot below), the CAB would like to be kept informed through:
 - Love the idea of site visits to any program SBT funded.
 - Site visits would be great as long as they are not burdensome to the contractor.
 - Have a template or format for deep dive annual reporting from programs and departments.
 - Prenatal-to-Three roundtable.
 - Food Equity Fund roundtable.
 - Site visits that include MO and Council staff.
 - Attend health fairs or community gatherings to see many programs in action.
 - Topics:
 - Sustainable funding and/or approaches to dialing back programs if needed
 - Invite or have a panel discussion with grantees to build community and discuss issues of sustainability.

Sample 2023 calendar for conversation purposes:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
CAB Meetings												
In-person (IP) – longer meeting	V	IP	V	V	IP	V	OFF	OFF	V	V	V	OFF
Virtual (V) – 2-hr meeting (or less)												
Off – no meeting												
Briefings												
Deep dive department presentations on programs/services												
Community partner briefings/roundtables												
Monthly status report memo (from departments)												
Revenue updates												
2022 Annual Report												
Release 2022 Annual Report												
CAB Budget Process												
Develop approach for budget recommendations												
Develop budget recommendations												
Transmit budget recommendations to Mayor and City Council												
Review and respond to Mayor’s Proposed Budget												
Review and respond to Council’s Initial Balancing Package												

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