

# Sweetened Beverage Tax Community Advisory Board (CAB)

## Meeting Notes

<b>MEETING SUMMARY</b>	<b>Date:</b> April 19, 2024 <b>Time:</b> 9am – 11am <b>Location:</b> Virtual
<b>MEMBERS PRESENT:</b>	Barbara Baquero, Barbara Rockey, Jen Moss, Munira Mohamed, Tanika Thompson Bird
<b>MEMBERS ABSENT:</b>	Bilan Aden, Dan Torres, Kristin Sukys
<b>VACANT SEATS:</b>	<i>Position 1 (Food Access Rep.), Position 3 (Food Access Rep.), Position 6, (Public Health Rep.)</i>
<b>GUESTS:</b>	City Budget Office: Greg Shiring Department of Education & Early Learning: Jenny Choi Human Services Department: Seán Walsh Office of Sustainability & Environment: Bridget Igoe

### Meeting Materials:

- [Economic and Revenue Forecast April 2024](#) (Office of Economic and Revenue Forecasts & City Budget Office)
- [2024 Budget Discussions](#) (Presentation provided by City Council Central Staff to Council’s Select Budget Committee)
- [SBT Program Updates](#) (Compiled by SBT-funded departments)

### Welcome and Introductions

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

CAB members and City staff introduced themselves.

### Public Comment

T. Thompson Bird read written public comment the CAB received via email from L. Sereda.

*To the members of the Sugary Beverage Tax Community Advisory Board:*

*Last night KOMO news had a report about the projected revenue shortfall and the upcoming City Budget. It was mentioned that "Staffers" were suggesting revisiting the restrictions on where the beverage tax can be spent. I remember the past community effort involved in making sure that this tax was to go only to Food Access programs and not the general fund. I am afraid that this will come up for discussion again. I know how much the food access programs benefit the health and well being of low income communities. Fresh Bucks in particular is so helpful and made a very positive impact*

*for people. I cannot attend tomorrow's virtual meeting due to a pre-existing appointment but feel free to use my comments here in your meeting. I am also interested in any steps I might take via email, phone call, or going in person to a City Council meeting to insure that the revenue from the Beverage Tax continue to 100% fund Food Access Programs and especially Fresh Bucks.*

After City staff replied via email that the comment was received, L. Sereda responded with this:

*Thank you for your response. I am glad that the meeting will include my concern. By the way, a few years before the pandemic, there was both a committee meeting and an entire council meeting about the Beverage Tax. There were some on the Council that really wanted to direct the tax revenue towards the General Fund. I gave public testimony twice on the issue. It was a very, very close vote but in the end the decision was made to restrict the funds to food access programs only. Not just me, but others gave comment and I feel our showing up made a real difference. I am a grateful recipient of Fresh Bucks. It has improved my health immensely. Every month on the first of the month, my local SAFEWAY at Rainier Ave. and Andover Street is full of shoppers in the produce section. Almost all of them are there with their newly loaded Fresh Bucks card buying fruit and vegetables. They include families, immigrants, elders. People of Color and Senior citizens. I am sure that all month long these people are looking forward to their Fresh Bucks!!! It also benefits the Safeway too, which is important for us that we are not living in a food desert! Thanks again, Lynn Sereda*

## **SBT Revenue Update**

G. Shiring from the City Budget Office shared updates from the City's [April economic and revenue forecast](#) (see pages 22 and 30, or screenshots below, for information on SBT).

Key takeaways about the SBT Fund:

- Overall, the outlook for SBT Fund is good. However, this is a point-in-time forecast and only one of three revenue forecasts for the year. The situation could change.
- SBT revenues went up more than expected and are predicted to go up approximately \$600k/year. For now, this removes the need for SBT spending reductions that were previously anticipated to be necessary to balance the SBT Fund.
- In the [current spending plan](#) (or see screenshot below), SBT expenditures continue to hold steady at the levels in the 2024 Adopted Budget.
- There will be some pressures on the Planning Reserve in the SBT Fund. The Planning Reserve is for increases in labor and contracts.

### Q&A:

*Question:* We heard public concerns that City officials could consider lifting spending restrictions on SBT Fund. How likely is this?

- *Response:* Not sure. I do not make the policy decisions about SBT Fund. Given the \$250 million budget deficit, I know there are a lot of people concerned about how other funds will be impacted.

Question: How stable are the projections?

- *Response:* The revenue forecast is a snapshot in time so there is some vulnerability. But we are not considering SBT reductions at this time. Consumption seems to be in a stable place moving forward and we don't have data yet on SBT revenue by taxable sugary drinks that

Screenshots from the City [April economic and revenue forecast](#) (pages 22 and 30).

## Selected Other Revenues, Forecast for 2024-2026 (\$ millions)

### Non-General Fund Revenues of Note

Revenue Source	2022 Actual Revenues, \$ mil.	2023 Actual Revenues, \$ mil.	Year/Year Change, \$mil	Year/Year % Change
Payroll Tax	\$253.1	\$313.3	\$60.3	23.8%
REET	\$91.4	\$47.9	(\$43.5)	-47.6%
Admission Tax	\$21.7	\$25.3	\$3.7	17.0%
Sweetened Beverage Tax	\$20.2	\$21.5	\$1.3	6.3%
Short-Term Rental Tax	\$9.9	\$11.4	\$1.5	15.5%

### Transportation Specific Revenues

Revenue Source	2022 Actual Revenues, \$ mil.	2023 Actual Revenues, \$ mil.	Year/Year Change, \$mil	Year/Year % Change
Trans. Ben. Dist. - Sales Tax	\$51.9	\$53.1	\$1.2	2.3%
Trans. Ben. Dist. - VLF	\$16.0	\$16.5	\$0.6	3.6%
Commercial Parking Tax	\$37.7	\$51.7	\$14.0	37.2%
SSTPI - School Zone Speed Enforcement	\$8.5	\$12.7	\$4.2	49.3%

## Selected Other Revenues - Baseline Scenario Forecast (\$ millions)

Revenue Source	2023	2024			2025	2026
	Actuals	Adopted	April Forecast	Difference	April Forecast	April Forecast
Payroll Expense Tax - w/o 2021 obligations	\$313.3	\$325.7	\$394.7	\$69.0	\$416.1	\$436.7
REET	\$47.9	\$52.3	\$52.3	\$0.0	\$65.4	\$79.0
Admission Tax	\$25.3	\$24.4	\$25.8	\$1.4	\$26.6	\$27.3
Sweetened Beverage Tax	\$21.5	\$21.2	\$21.8	\$0.6	\$22.3	\$22.7
Short Term Rental Tax	\$11.4	\$11.9	\$11.7	-\$0.1	\$12.6	\$12.8
STBD Sales Tax	\$53.1	\$55.4	\$52.9	-\$2.5	\$55.1	\$57.4
STBD Vehicle License Fee	\$16.5	\$20.6	\$20.0	-\$0.7	\$20.9	\$21.2
Commercial Parking Tax	\$51.7	\$48.9	\$51.4	\$2.5	\$53.5	\$55.6

Screenshot of the [SBT Fund financial plan](#) from the 2023-2024 Adopted Mid-Biennial Adjustments.

Sweetened Beverage Tax (00155)

Amounts in \$1,000s	2022 Actuals	2023 Adopted	2023 Revised	2024 Adopted	2025 Projected <sup>4</sup>	2026 Projected	2027 Projected
<b>Beginning Budgetary Fund Balance</b>							
Beginning Balance Sheet Fund Balance	8,252	1,422	7,439	1,843	1,901	1,184	1,800
Budgetary Fund Balance Adjustment	(30)	0	203				
<i>Beginning Budgetary Fund Balance</i>	8,222	1,422	7,642	1,843	1,901	1,184	1,800
<b>Sources of Funds</b>							
Sweetened Beverage Tax	20,341	20,394	20,933	21,247	21,672	22,106	22,548
Transfer from Coronavirus Local Fiscal Recovery Fund	945						
Transfer from JumpStart Fund <sup>1</sup>		1,200	1,200	1,200			
<i>Total Budgetary Revenues</i>	21,286	21,594	22,133	22,447	21,672	22,106	22,548
<b>Expenditures</b>							
Office of City Auditor	75						
Office of Sustainability and Environment	5,959	6,091	6,091	6,151	6,151	6,151	6,151
Department of Education and Early Learning	7,424	7,735	7,735	7,798	7,798	7,798	7,798
Human Services Department	7,099	4,941	4,941	5,244	5,244	5,244	5,244
Department of Parks and Recreation	229	302	302	309	309	309	309
Department of Neighborhoods	1,081	2,889	2,889	2,887	2,887	2,887	2,887
Potential Reductions Needed to Balance Fund <sup>2</sup>						(900)	(650)
<b>Budget Adjustments<sup>3</sup></b>							
Office of City Auditor			500				
Office of Sustainability and Environment			114				
Department of Education and Early Learning			3,342				
Human Services Department			24				
Department of Parks and Recreation							
Department of Neighborhoods			1,996				
<i>Total Budgetary Expenditures</i>	21,866	21,957	27,933	22,389	22,389	21,489	21,739
<i>Ending Balance Sheet Adjustment</i>	0	0	0	0	0	0	0
<i>Ending Budgetary Fund Balance</i>	7,642	1,059	1,843	1,901	1,184	1,800	2,609
<b>Planning Reserves</b>							
Revenue Stabilization Reserve	2,000	850	1,600	1,300	0	0	0
Planning Reserve		181	186	530	1,037	1,671	2,436
<i>Total Reserves</i>	2,000	1,031	1,786	1,830	1,037	1,671	2,436
<i>Ending Unreserved Budgetary Fund Balance</i>	5,642	28	57	71	147	129	173

**Notes:**

<sup>1</sup> Through CBA FG-903-A-001-2023, Council transferred \$1.2 million in JumpStart revenue into the Sweetened Beverage Tax Fund in both 2023 and 2024 to temporarily buffer a shortfall in Sweetened Beverage Tax (SBT) revenue. This action is in response to the November 2022 revenue forecast.

<sup>2</sup> If the current revenue projection were to remain accurate and no other revenue sources are utilized to supplement SBT revenues, expenditure reductions of this magnitude would be necessary to keep the fund balanced.

<sup>3</sup> 2023 Budget Adjustments include 2022 carryforwards.

<sup>4</sup> Expenditures for 2025-2027 are held at 2024 levels.

## Updates from SBT-funded Departments

Department staff reviewed key updates on the programs supported by SBT revenue. [Click here](#) for details.

## CAB's 2025 Budget Recommendations

CAB members started to discuss and brainstorm key messages to include in its 2025 budget recommendations. The CAB will fine tune these messages at its May meeting with the goal of transmitting recommendations in June.

## Key Messages – CAB BRAINSTORM

- 1) **Prioritize food security and prenatal-to-three programs.** These are essential to a healthy, thriving and equitable Seattle. Food and child development services are basic needs. These programs are NOT the place to find budget savings
- 2) **Food access is so needed right now - we cannot cut any food programs (funded by SBT or any other City funds).**
  - Food and child care are basic needs, right up there with mental health services, housing, homelessness, and public safety.
  - Food programs help the most marginalized communities – these communities should not have to carry the burden of our city budget deficit. Look for other places to find your budget savings.
  - There is great need in the community for these programs. Look at the demand for services/programs. There is SO MUCH need (price of food, price of child care, housing affordability). In fact, funding for these programs should be increased, if anything.
  - Food is a moral imperative. Food and access to food should not be cut first. It will show what kind of priorities we have.
  - *Show the programs and services that are supported by SBT Fund.*
  - *Need stories, pictures, testimonials.*
- 3) **Do not lift spending restrictions on SBT Fund**
  - In 2019/2020, City of Seattle legislated spending restrictions to intentionally protect SBT Fund. Do not roll this back.
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- 4) **Do not make cuts to the SBT-funded community grant programs.** CAB has invested substantial time and resources in developing SBT funding opportunities (Food Equity Fund, Prenatal-to-Three Grant Program). We worked with departments to develop RFP materials and equitable grantmaking processes to make it possible for community-based organizations to be successful.
- 5) **SBT works! The ROI is huge.**
  - SBT feeds and enriches people every day and benefits the local economy. *Point to portfolio of investments.*
  - There is economic value in SBT programming.
    - Programs like Fresh Bucks support local grocery stores in low-income areas. *See public testimony and older op-ed from Safeway.*
    - Every dollar spent on local food creates \$1.54 in the local economy (cite USDA, UW data). **There should not be access to these restricted funds. Intent of funds should remain.**
  - National recognition for SBT in Seattle. You don't want to be the ones to cut or swap this. Seattle is a model that others are watching.

## **Planning (Continued) for June Roundtable Meeting**

CAB members reviewed their scoping document to help plan for a June 21 roundtable event featuring community representatives from a variety of SBT programs/services. The CAB intends to invite City officials to the event. The purpose of the event is to:

- Provide a platform for community organizations to share their good work and speak to its impact;
- Educate City officials on the importance and impact of SBT programs/services; and
- Raise awareness of the CAB's SBT budget recommendations (which will be transmitted to the Mayor's Office in June).

CAB members decided it would be best to find space in the community rather than asking roundtable participants to come to City Hall. Potential locations were discussed.

B. Igoe will be working with SBT-funded departments to help support the CAB's roundtable meeting.

The CAB adjourned at 11am.

**-END-**