

Sweetened Beverage Tax Community Advisory Board

<https://www.seattle.gov/sweetened-beverage-tax-community-advisory-board>

Date: April 30, 2019

To: Ben Noble, Director of City Budget Office

From: The Sweetened Beverage Tax Community Advisory Board

Subject: Statement of Legislative Intent 1-5-B-1 (Sweetened Beverage Tax and Short-Term Rental Tax Funds)

Cc: Councilmember Bruce A. Harrell, Councilmember Sally Bagshaw, Councilmember M. Lorena González, Councilmember Lisa Herbold, Councilmember Deborah Juarez, Councilmember Teresa Mosqueda, Councilmember Mike O'Brien, Councilmember Abel Pacheco, Councilmember Kshama Sawant

The Sweetened Beverage Tax Community Advisory (CAB) is writing you in response to your memo (March 28, 2019) regarding the establishment of a separate city budget fund to track Sweetened Beverage Tax (SBT) revenue.

We are glad that you agree to the value of a separate fund to “track the financial performance” of the SBT and allow tracking of how much revenue is received and how the revenue is expended. We look forward to seeing your proposed legislation for establishing this fund that includes financial policies governing the use of the revenues that are consistent with the legislative intent expressed in the SBT-establishing ordinance 125324. We would appreciate an opportunity to comment on draft legislation.

As the CAB has communicated previously, we support the establishment of a SBT fund that accomplishes the two goals of (1) transparently tracking revenues and expenditures and (2) clearly stating the financial policies as contained in the enabling ordinance that describe intended use of revenues.

The CAB strongly believes that the SBT revenue should be allocated in accordance with the legislative intent of the SBT enabling ordinance which states the beverage tax shall be used for (1) expanding access to healthy and affordable food, closing the food security gap, and promoting healthy food choices and (2) programs that improve the social, emotional, educational, physical health, and mental health for children to prepare children for a strong and fair start in kindergarten.

The CAB further continues to urge the City to use SBT revenue solely to *expand* existing programs and *develop new* ones, as needed, to meet the legislative intent and *not* to use SBT revenue to supplant or replace funding for existing programs, regardless of the alignment of

any such programs with legislative intent. Any tax revenues in excess of projected revenues should be allocated to expand or develop new programs consistent legislative intent. We note that the community stakeholders and the coalition that supported adoption of the SBT strongly supported use of revenues to *expand* access to healthy food and early childhood support.

We would like the legislation to be adopted as soon as possible and *prior to* the beginning of the 2020 budget process (i.e. by mid-June) so that it can provide clear guidance as the 2020 budget is developed.

In addition, the CAB requests detailed reports of SBT-related financials and program performance monitoring to assure transparency and effective implementation with respect to use of SBT funds beginning with first quarter of 2019, including:

1. SBT revenue received, on a quarterly basis, to be provided to the CAB by the last day of the month following the end of each quarter.
2. Line item report of revenue allocated and spent for each program funded by the SBT on a quarterly basis with annual summary. Report to include separate accounting of expenditures on administration (e.g. City FTE), expenditures on contracts with community-based organizations, and expenditures that provide direct benefits to Seattle residents.
3. Annual planned accomplishments, by program, to be provided each year by 4/30.
4. Annual performance summary, by program (e.g. appraisal of whether a program's planned accomplishments were exceeded, met, 75-99% met, less than 75% met), for inclusion in SBT annual report.

We note there is broad community support for this level of transparency, which will also enable to CAB to effectively monitor SBT allocations and make informed recommendations on how and to what extent the Mayor and City Council should establish and/or fund programs and activities consistent with the intent of SBT ordinance.

Thank you for considering our comments and we look forward to receiving your response.



James Krieger, MD, MPH
Co-Chair



Christina Wong,
Co-Chair