

SENATE BILL REPORT

SSB 5737

As Passed Senate, April 15, 1997

Title: An act relating to reducing the carbonated beverage tax.

Brief Description: Reducing the carbonated beverage tax.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Anderson, Loveland, Schow, Sheldon, Strannigan, Rossi, Deccio, Goings, Horn, Swecker, Rasmussen, Bauer, Hale, Roach, Johnson, Benton, West and Oke).

Brief History:

Committee Activity: Ways & Means: 3/7/97, 4/7/97 [DPS].
Passed Senate, 4/15/97, 33-16.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5737 be substituted therefor, and the substitute bill do pass.

Signed by Senators West, Chair; Strannigan, Vice Chair; Bauer, Brown, Loveland, McDonald, Roach, Rossi, Schow, Sheldon, Swecker, Winsley and Zarelli.

Staff: David Schumacher (786-7474)

Background: In 1989, the Legislature passed the Omnibus Alcohol and Controlled Substances Act that imposed additional taxes on sales of wine, beer, spirits, cigarettes, carbonated beverages, and syrups used to make carbonated beverages. The revenue from these taxes is used to support programs directed toward alcohol and drug abuse by youth and adults, including increases in penalties for drug-related crimes, expanded law enforcement authority, and expanded education programs, and expanded treatment. The tax revenue was placed in the drug enforcement and education account. Under the 1989 legislation, these taxes were scheduled to expire July 1, 1995.

In 1994, the Legislature enacted the Youth Violence Prevention Act. This act made extensive changes in laws relating to youth violence prevention, drug education, and drug enforcement programs. The violence reduction and drug enforcement account (VRDE) was created to replace the existing account. The tax portions of the measure were passed as Referendum 43 on the general election ballot in November 1994.

Referendum 43 eliminated the expiration date for all of the taxes imposed in the 1989 Omnibus Alcohol and Controlled Substances Act, except the tax on carbonated beverages.

In addition, the referendum increased the rates of the cigarette tax and the tax on beverage syrups.

Summary of Bill: The carbonated beverage syrup tax is cut in half, and a general fund appropriation is made into the VRDE account to replace the lost revenues.

Appropriation: \$3,570,000 in FY 98; \$4,160,000 in FY 99.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1997.

Testimony For: The tax should be reduced. In a competitive marketplace, it is hard to pass the tax on.

Testimony Against: Referendum 43 was passed by the voters. The programs funded by VRDE are important and should be maintained.

Testified: Dave Hook, Senior Froggy (pro); Deborah Ruggles, Washington Coalition of Sexual Assault Programs (con); Linda Grant, Association of Alcohol Addiction Programs (con); David Westberg, Council of Stationary Engineers (con).