

SENATE BILL REPORT

SB 6770

As of February 13, 2002

Title: An act relating to a sales tax on junk food.

Brief Description: Imposing a sales tax on junk food.

Sponsors: Senators Franklin, Costa, Kohl-Welles and Prentice.

Brief History:

Committee Activity: Ways & Means: 2/6/02.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Chelsea Buchanan (786-7446)

Background: Most food products, including candy, are currently exempt from sales taxes. Food does not include alcoholic beverages, ice, bottled water, carbonated beverages, dietary supplements, or medicines, so these items are not tax exempt.

All food products sold through vending machines are taxed based on a portion of the gross receipts of the machines. Also, food sold in restaurants or handled by a person required to have a food handler's permit is subject to sales tax.

Summary of Bill: The Legislature finds that poor nutrition contributes to expensive and significant health problems, and recognizes the value of creating disincentives for poor eating habits. The intent of the Legislature is to tax candy and carbonated beverages. Resulting tax revenues are deposited in the Health Services Account.

The Department of Revenue must periodically audit retailers to determine compliance.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill will help generate needed revenues for public health. Public health agencies are struggling to continue to provide needed services. Candy is not a basic need for a healthy diet.

Testimony Against: Retailers should be reimbursed for the cost of collecting the sales tax. Definitions of what constitutes candy need to be clear, otherwise implementing a new tax could be a nightmare for retailers. It should be clear in the bill that it does not apply to items in vending machines or carbonated beverages since these items are already taxed.

Testified: PRO: Senator Rosa Franklin, prime sponsor; CON: Jan Gee, Washington Food Industry, Washington Retail Association; Bruce Brinton, Northwest Automatic Vending Association.