
HOUSE BILL 2734

State of Washington

69th Legislature

2026 Regular Session

By Representatives Street, Ramel, Wylie, Macri, Peterson, Pollet, and Ormsby

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1 AN ACT Relating to creating a hunger free Washington through a
2 sugar-sweetened beverage tax and precluding a supplemental nutrition
3 assistance program waiver; amending RCW 82.84.040; adding a new
4 section to chapter 43.20A RCW; adding a new chapter to Title 82 RCW;
5 and creating a new section.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

8 (a) Sugar-sweetened beverage consumption contributes to
9 preventable chronic disease, including obesity, type 2 diabetes,
10 cardiovascular disease, fatty liver disease, and dental caries, and
11 imposes significant costs on individuals, families, employers, and
12 public health systems;

13 (b) Sugar-sweetened beverages are the largest single source of
14 added sugars in the American diet and among the top sources of
15 calories. Further, sources of liquid sugars may be uniquely harmful
16 to health because of the way liquid sugars are metabolized;

17 (c) Health risks due to sugar-sweetened beverage consumption are
18 particularly pronounced among children, adolescents, lower income
19 populations, and communities of color including Black, Hispanic,
20 Native Americans, Alaska Natives, and Native Hawaiians and Pacific

1 Islanders due to targeted marketing, socioeconomic disparities, and
2 increased exposure to unhealthy beverages;

3 (d) Meanwhile, food insecurity is rising in communities across
4 Washington state as more households are struggling with higher food
5 and housing costs, and more households are struggling to afford
6 enough food, including nutritious foods that support long-term health
7 and well-being. Eleven percent of all Washingtonians are food
8 insecure, and findings by the University of Washington show that the
9 food insecurity rate among low-income and moderate-income people is
10 55 percent, five times higher than among the population as a whole,
11 and that food insecurity rates among Hispanic, Black, and Native
12 American households were as much as five to seven times greater than
13 the average Washington household;

14 (e) Diet-related disease and food insecurity are closely linked
15 and are influenced by unequal access to affordable, healthy food,
16 targeted marketing practices, and disparities in income, housing
17 stability, and health care access;

18 (f) Public health evidence indicates that excise taxes on sugar-
19 sweetened beverages can reduce sales of these beverages (as
20 demonstrated in places like Seattle, Washington; Philadelphia,
21 Pennsylvania; and Berkeley, California) and generate dedicated
22 revenue that can be invested to improve food security, nutrition, and
23 public health;

24 (g) A study looking at taxes paid and benefits received from
25 programs supported with sugar-sweetened tax revenues by people with
26 lower and higher incomes in three cities found the net tax effect was
27 to redistribute dollars from higher to lower income households,
28 suggesting a sugar-sweetened beverage tax is a progressive, equitable
29 public policy when tax revenues are intentionally invested in
30 communities with lower incomes;

31 (h) Food insecurity disproportionately impacts families with
32 young children, seniors living alone, people of color, and rural
33 residents. Reducing food insecurity leads to reduced behavior
34 problems and better academic outcomes for children, improved mental
35 health, reduced anxiety and depression, improved maternal health, and
36 improved health and independent living for seniors; and

37 (i) Food and nutrition assistance programs, including the
38 supplemental nutrition assistance program, are among the most
39 effective tools for reducing food insecurity, improving diet quality,
40 and supporting local economies, and maintaining stable funding for

1 these programs is a matter of statewide public interest. Despite the
2 importance of these programs to the state, there is currently no
3 dedicated source of funding. Additionally, federal changes decreasing
4 funding and increasing costs associated with administering these
5 programs are further jeopardizing the state's ability to maintain
6 this vital public good.

7 (2) Therefore, it is the intent of the legislature to impose an
8 excise tax on sugar-sweetened beverages to:

9 (a) Establish a dedicated source of revenue to support food
10 security and nutrition assistance programs for low-income populations
11 and communities of color disproportionately affected by food
12 insecurity and unequal access to affordable, nutritious food;

13 (b) Direct revenues from the tax to fund and administer the
14 supplemental nutrition assistance program, the food assistance
15 program, the fruit and vegetable incentives program established under
16 RCW 43.70.780, and other programs that increase food security and
17 access to affordable, nutritious foods for populations most impacted
18 by socioeconomic and health disparities;

19 (c) Reduce the sales and consumption of sugar-sweetened beverages
20 and lower rates and burden of obesity, diabetes, cardiovascular
21 disease, tooth decay, and other adverse health conditions associated
22 with the consumption of these beverages; and

23 (d) Clarify and restore the authority of local governments who
24 established a sweetened beverage tax before January 1, 2018, to
25 impose, administer, and adjust local sweetened beverage taxes
26 consistent with the terms of this chapter.

27 NEW SECTION. **Sec. 2.** DEFINITIONS. The definitions in this
28 section apply throughout this chapter unless the context clearly
29 requires otherwise.

30 (1)(a) "Beverage for medical use" means:

31 (i) A beverage suitable for human consumption and manufactured
32 for uses as an:

33 (A) Oral nutritional therapy for persons who cannot absorb or
34 metabolize caloric or dietary nutrients from usual food or beverages;
35 or

36 (B) Oral rehydration electrolyte solution formulated to prevent
37 or treat dehydration due to illness; or

1 (ii) Any beverage that meets the statutory definition of "medical
2 food" under the orphan drug act of 1983, 21 U.S.C. Sec. 360ee(b) (3),
3 as amended, as of the effective date of this section.

4 (b) "Beverage for medical use" does not include drinks commonly
5 referred to as "sports drinks" or any other common names that are
6 derivations thereof.

7 (2) "Caloric sweetener" means any substance or combination of
8 substances that contains calories, is suitable for human consumption,
9 and humans perceive as sweet. Caloric sweeteners include, but are not
10 limited to: Granulated white sugar, brown sugar, sucrose, dextrose,
11 fructose, glucose, and other monosaccharides and disaccharides; corn
12 syrup or high fructose corn syrup; honey; molasses; xylem sap of
13 maple trees; agave nectar; and any other such substance designated by
14 the department.

15 (3) "Concentrate" means a syrup, powder, frozen or gel mixture,
16 or other product containing one or more sweeteners as an ingredient,
17 intended to be used in making, mixing, or compounding a sugar-
18 sweetened beverage by combining the concentrate with one or more
19 other ingredients.

20 (4) "Consumer" means a natural person who purchases a sugar-
21 sweetened beverage product in the state for a purpose other than
22 resale in the ordinary course of business and for sale to another.

23 (5) "Distribution" or "distribute" means to supply to a
24 distributor or retailer, deliver to a retailer, facilitate
25 acquisition by a retailer, or transport into the state for the
26 purpose of selling any sugar-sweetened beverage in the state, or any
27 combination of these activities.

28 (6) "Distributor" means any person, including a manufacturer,
29 bottler, or wholesale dealer, that distributes sugar-sweetened
30 beverages in the state for sale to retailers that operate businesses
31 in the state, regardless of whether the person also offers sugar-
32 sweetened beverages for retail sale.

33 (7) "Milk" means natural fluid milk, regardless of animal sources
34 or butterfat content; natural milk concentrate, whether or not
35 reconstituted, regardless of animal source or butterfat content; or
36 dehydrated natural milk, whether or not reconstituted and regardless
37 of animal source or butterfat content; and plant-based milk
38 substitutes that are marketed as milk, such as, but not limited to,
39 soy milk, coconut milk, rice milk, and almond milk.

1 (8) "Nonalcoholic beverage" means a beverage suitable for human
2 consumption and that is not liquor as defined in RCW 66.04.010.

3 (9) "Retailer" means any person who serves sugar-sweetened
4 beverages to a consumer.

5 (10)(a) "Sugar-sweetened beverage" means any beverage intended
6 for human consumption that contains one or more caloric sweeteners,
7 whether in bottles, prepared from concentrates, served as a fountain
8 beverage, or in any other form.

9 (b) "Sugar-sweetened beverage" includes all drinks and beverages
10 commonly referred to as soda, pop, cola, soft drinks, sports drinks,
11 energy drinks, fruit drinks, sweetened ice teas and coffees, and
12 other products with added caloric sweeteners including, but not
13 limited to, juice with added caloric sweetener, flavored water with
14 added caloric sweetener, and nonalcoholic beverages that may or may
15 not be mixed with alcohol or any other common names that are
16 derivations thereof.

17 (c) "Sugar-sweetened beverage" does not include any of the
18 following:

19 (i) Any beverage in which natural milk is the primary ingredient,
20 in other words, the ingredient listed first in the product ingredient
21 list; or in which water and grains, nuts, legumes, or seeds
22 constitute the first two ingredients in the product ingredient list;

23 (ii) Any beverage for medical use;

24 (iii) Any liquid sold for use as a meal replacement for weight
25 reduction or other purposes;

26 (iv) Any product commonly referred to as infant formula or baby
27 formula;

28 (v) Any alcoholic beverage;

29 (vi) Any beverage consisting of 100 percent natural fruit or
30 vegetable juice with no added sweetener. For the purposes of this
31 subsection (10)(c)(vi), natural fruit juice and natural vegetable
32 juice mean the original liquid resulting from the pressing of fruits
33 or vegetables;

34 (vii) Any concentrate that the consumer combines with other
35 ingredients to create a beverage;

36 (viii) Any beverage that contains fewer than 20 calories per 12
37 ounce serving; or

38 (ix) Sweetened medication such as cough syrup, liquid pain
39 relievers, fever reducers, and similar products.

1 NEW SECTION. **Sec. 3.** TAX IMPOSED. (1) Beginning January 1,
2 2028, there is a tax imposed upon every person engaging within this
3 state in the business of distributing sugar-sweetened beverages. The
4 tax must be paid upon the first nonexempt distribution of a sugar-
5 sweetened beverage in the state. However, if a distributor or a
6 retailer receives taxable products on which the tax has not been
7 paid, the distributor or retailer is liable for the tax. The amount
8 of tax with respect to such business is equal to the volume of sugar-
9 sweetened beverages the distributor distributes in the state
10 multiplied by the applicable tax rate in subsection (2) or (3) of
11 this section.

12 (2) For sugar-sweetened beverages that are produced from
13 concentrates, the tax is calculated using the largest volume of
14 beverage that would typically be produced by the amount of
15 concentrate distributed based on the manufacturer's instructions or
16 industry practice. Where a product is produced from more than one
17 concentrate, the rate on each component must be calculated
18 proportionately, so that the combined tax on the total yields a tax
19 rate per fluid ounce of resulting beverage as provided under
20 subsection (3) of this section.

21 (3) For all sugar-sweetened beverages, the tax rate is \$0.03 per
22 fluid ounce of sugar-sweetened beverages the distributor distributes.

23 (4) The tax collected under this chapter must be deposited into
24 the hunger free Washington account created in section 9 of this act.

25 NEW SECTION. **Sec. 4.** EXEMPTIONS. (1) If a person, who is a
26 member of an affiliated group that files a federal consolidated
27 return, pays the tax imposed by section 3 of this act on a
28 distribution of sugar-sweetened beverages, then subsequent transfers
29 of those sugar-sweetened beverages from that person to members of the
30 affiliated group are not subject to the tax imposed by section 3 of
31 this act. For the purposes of this subsection, "affiliated group" has
32 the same meaning as provided in 26 U.S.C. Sec. 1504(a), as amended,
33 as of the effective date of this section.

34 (2) Persons who are exempt from taxation by the state pursuant to
35 federal or state statutes are exempt from the tax imposed by this
36 chapter.

37 NEW SECTION. **Sec. 5.** GENERAL EXCISE TAX IN ADDITION TO OTHER
38 LICENSE FEES AND TAXES. (1) The tax imposed by section 3 of this act

1 is a general excise tax on the privilege of conducting certain
2 business within the state. It is not a sales tax or use tax or other
3 excise tax on the sale, consumption, use, or gross receipts of sugar-
4 sweetened beverages.

5 (2) The tax imposed by section 3 of this act is in addition to
6 any license fee or tax imposed or levied under any other law.

7 NEW SECTION. **Sec. 6.** CREDITS. (1) A distributor may take a
8 credit against the tax due under this chapter for the amount of any
9 similar sugar-sweetened beverage tax imposed by a city in Washington
10 that has a sweetened beverage tax in place before 2018 on the same
11 sugar-sweetened beverages during the same reporting period. The
12 credit may not exceed the tax due under this chapter.

13 (2) A distributor may take a credit against the tax due under
14 this chapter for any tax paid under RCW 82.64.020 for the same sugar-
15 sweetened beverage during the same reporting period. The credit may
16 not exceed the tax due under this chapter.

17 NEW SECTION. **Sec. 7.** PARITY AUTHORITY. A city with an existing
18 sweetened beverage tax may, by ordinance, adjust its local
19 definitions of taxable products, tax rates, exemptions, and
20 administrative procedures to achieve parity with the definitions,
21 procedures, and rate established under this chapter.

22 NEW SECTION. **Sec. 8.** RULES. Chapter 82.32 RCW applies to the
23 tax imposed in this chapter. The tax due dates, reporting periods,
24 and return requirements applicable to chapter 82.04 RCW apply equally
25 to the tax imposed in this chapter. The department must adopt
26 additional rules, as necessary, for the purpose of carrying out the
27 provisions of this chapter including, but not limited to: Rules to
28 clarify the inclusion or exclusion of particular products and the
29 calculation of tax for concentrates based on manufacturer's
30 instructions or industry practice; rules to implement the tax rates
31 provided under section 3 of this act; and rules to designate caloric
32 sweeteners.

33 NEW SECTION. **Sec. 9.** A new section is added to chapter 43.20A
34 RCW to read as follows:

35 (1) The hunger free Washington account is created in the state
36 treasury. Moneys collected from the tax imposed on sugar-sweetened

1 beverages under section 3 of this act must be deposited into the
2 account. Moneys in the account may be spent only after appropriation.
3 Moneys in the account shall only be used to fund and administer the
4 following food security and nutrition programs:

5 (a) The supplemental nutrition assistance program under chapter
6 74.04 RCW;

7 (b) The food assistance program under RCW 74.08A.120;

8 (c) The fruit and vegetable incentives program established under
9 RCW 43.70.780;

10 (d) Free and reduced school meals required under RCW 28A.235.135,
11 28A.235.300, and 28A.235.160 and elimination of breakfast copays;

12 (e) Farm-to-school programs under RCW 28A.235.180 and 15.64.060.

13 (2) All moneys in the account must be expended only for the
14 purposes expressed in this section and must be used only to
15 supplement existing levels of service. Moneys in the account may not
16 supplant any federal, state, or local funding for existing levels of
17 service.

18 NEW SECTION. **Sec. 10.** The department of social and health
19 services or any other state agency may not seek a waiver or
20 demonstration project from the United States department of
21 agriculture to exclude the purchase of any sugar-sweetened beverages
22 subject to the tax imposed under section 3 of this act from the
23 definition of eligible foods under 7 C.F.R. Sec. 271.2.

24 **Sec. 11.** RCW 82.84.040 and 2019 c 2 s 4 are each amended to read
25 as follows:

26 Notwithstanding any other law to the contrary:

27 (1) Except as provided in subsections (2) through (4) of this
28 section, a local governmental entity may not impose or collect any
29 tax, fee, or other assessment on groceries.

30 (2) Nothing in this section precludes the continued collection of
31 any existing tax, fee, or other assessment on groceries as is in
32 effect as of January 15, 2018; but no existing tax, fee, or other
33 assessment on groceries may be increased in rate, scope, base, or
34 otherwise after January 15, 2018, except as provided in subsections
35 (3) and (4) of this section and section 7 of this act.

36 (3) Nothing in this section prohibits the imposition and
37 collection of a tax, fee, or other assessment on groceries if:

1 (a) The tax, fee, or other assessment is generally applicable to
2 a broad range of businesses and business activity; and

3 (b) The tax, fee, or other assessment does not establish or rely
4 on a classification related to or involving groceries or a subset of
5 groceries for purposes of establishing or otherwise resulting in a
6 higher tax rate due to such classification.

7 (4) Nothing in this section prohibits the imposition and
8 collection of a local retail sales and use tax pursuant to RCW
9 82.14.030 on those persons taxable by the state under chapters 82.08
10 and 82.12 RCW.

11 NEW SECTION. **Sec. 12.** RCW 82.32.805 and 82.32.808 do not apply
12 to this act.

13 NEW SECTION. **Sec. 13.** Sections 1 through 8 and 10 of this act
14 constitute a new chapter in Title 82 RCW.

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