

Sweetened Beverage Tax Community Advisory Board

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Date: July 18, 2019

To: 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

From: The Sweetened Beverage Tax Community Advisory Board

Subject: Affirm support for the creation of a dedicated fund for Sweetened Beverage Tax (SBT) revenues and clarify financial policies related to the use of SBT revenues

Cc: Jenny Durkan, Mayor
Ben Noble, Director of City Budget Office

The Sweetened Beverage Tax Community Advisory (CAB) is writing to affirm its support for the establishment of a separate city budget fund to collect, track and distribute Sweetened Beverage Tax (SBT) revenue and to prohibit any supplantation of existing general fund support for healthy food access and early childhood programs using SBT revenues. This position was stated in a [memorandum](#) to City Budget Director, Ben Noble, issued on April 30, 2019, in which the CAB stated its support for the Statement of Legislative Intent 1-5-B-1 to create a separate SBT fund prior to 2020 for implementation before the 2020 supplemental budget process.

We further write to clarify that because we had asked for legislation to create a separate SBT fund before 2020, this means that we oppose the use of SBT revenues to supplant general fund spending in 2020. Far from seeing this as a threat to existing funding for healthy food and early education programs, we see it as a key policy to assure these programs are supported and expanded. The SBT was established to support specifically these programs. Revenues from the SBT should be used exclusively for this purpose, not diverted to other use uses. We object to creating a false choice between healthy food access, early childhood programs and other critically needed basic needs programs that serve our city's residents.

We have previously expressed our opposition to the use of SBT revenues to supplant general funds as proposed in the Mayor's budget proposal released in the fall of 2018 (see [memorandum](#) to the City Council, October 19, 2018.) Council passed a two-year budget that included the proposed supplantation. We do not want to see this repeated in the 2020 budget. We call upon the Mayor and Council to restore the general funds that were removed from critical healthy food access and early childhood programs and use of SBT revenues to *expand* these programs and create *new* ones. The promises made to our communities to use funds to

expand existing programs and create *new* ones, as codified in the legislative intent and language of Ordinance 125324 establishing the SBT, must be honored.

We urge the Mayor and Council to correct for this supplantation and make good on this commitment of Seattle government to its communities in the 2020 budget. While the city has many important priorities to address, the SBT was established for very specific purposes. The agreed upon use of revenues was the result of many discussions between Council, the Mayor and community members and this should be respected.

The CAB is committed to seeing that revenues are allocated to promote social, racial and health equity and to address the regressive and disproportionate burden of the health problems associated with SSBs. The CAB is committed to seeing that revenues are allocated so that they mitigate any potential regressive tax effects by assuring that they are invested in low-income communities for the purposes that led to community support for the tax in the first place. By using supplantation to in effect convert SBT revenues into general funds, the dedication of funds to investment in low income communities is lost.

We are glad that you agree with the CAB about the value of a separate fund for SBT revenues and to the use of these to specifically support healthy food access and birth to three programs. Having a separate fund to track the financial performance of the SBT, how much revenue is received and how the revenue is expended is critical to providing the transparency needed to assure communities that the funds are being used appropriately.

The CAB further affirms and clarifies the positions stated in this letter based on what we have heard loud and clear from the community that we are appointed to represent. We have heard from stakeholders in the community, including Got Green and the Seattle Healthy Kids Coalition, concerns about supplantation. Additionally, the CAB hosted two community SBT forums this past spring in which we heard from participants their direction that SBT funds be used as intended by Ordinance 125324 to expand existing and innovate new programs and a demand for more transparency and accountability for the use of SBT, both of which would be provided by the creation of a separate SBT fund.

As the CAB has communicated previously, we support the establishment of a SBT fund that accomplishes the three goals of (1) transparently tracking revenues and expenditures, (2) clearly stating the financial policies as contained in the enabling ordinance that describe intended use of revenues solely to *expand* existing healthy food access and early childhood programs and *develop new* ones and (3) prohibiting the use of SBT revenues to supplant general funds.

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.

Thank you for considering our comments.

A handwritten signature in black ink, appearing to read "James Krieger". The signature is written in a cursive style with a large initial "J".

James Krieger, MD, MPH
Co-Chair

A handwritten signature in black ink, appearing to read "Christina Wong". The signature is written in a cursive style with a large initial "C".

Christina Wong,
Co-Chair