

Chapter 13

Litter Tax

82.19.050(1) - Products shipped out of state

Description Products manufactured or sold in Washington for use or consumption outside Washington are exempt from the litter tax.

Purpose Recognizes the litter tax is typically associated with products used or consumed in Washington.

Taxpayer savings

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.135	\$0.140	\$0.145	\$0.150
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	\$0.129	\$0.145	\$0.150
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the retail sales growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1992
Primary Beneficiaries:	Businesses that pay litter tax
Taxpayer Count:	2,740
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2014

82.19.050(2) - Agricultural products

Description Farmers selling agricultural products at wholesale or to other farmers that grow, raise, or produce agricultural products owned by others are exempt from the litter tax.

Purpose Recognizes food products sold by farmers at wholesale and to certain other farmers are not generally associated with significant amounts of litter.

Taxpayer savings

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$1.351	\$1.356	\$1.361	\$1.366
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	\$1.243	\$1.361	\$1.366
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate is the average historical growth rate calculated using the U.S. Department of Agriculture 2016-2023 farm income financial indicators.

Data Sources

- Department of Revenue, Excise tax data
- U.S. Department of Agriculture, Washington agriculture and farm data

Additional Information

Additional Information	
Category:	Agricultural
Year Enacted:	1971
Primary Beneficiaries:	Farmers
Taxpayer Count:	35,200
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2018

82.19.050(3) - Grocery cooperatives

Description Sales of products for resale by a qualified grocery distribution cooperative to members are exempt from litter tax.

Purpose To reflect title to the goods remains with the cooperative, and an actual sale does not occur.

Taxpayer savings

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	Minimal	Minimal	Minimal
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the retail sales growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- The total impact of this exemption is less than \$1,000. We expect the impact to remain minimal during the forecasted period of this study.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2001
Primary Beneficiaries:	Qualified grocery cooperatives
Taxpayer Count:	4
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2022

82.19.050(4) - Food and beverages consumed on-site

Description Food and drink sales for consumption on the seller's premises or at an adjacent eating area (e.g., a food court at a shopping mall) are exempt from litter tax.

Purpose Recognizes that food and drinks consumed on the seller's premises generally do not contribute to the litter problem.

Taxpayer savings

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$1.272	\$1.318	\$1.363	\$1.408
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	\$1.208	\$1.363	\$1.408
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the retail sales growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2003
Primary Beneficiaries:	Restaurants and other eating or drinking establishments
Taxpayer Count:	10,000
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2022

82.19.050(5) - Caterers

Description Gross income from the sale of catered food and beverages provided in non-single-use containers and served for immediate consumption on the premises occupied or controlled by the customer is exempt from litter tax.

Purpose Relieves caterers from the litter tax on certain prepared food and beverage sales.

Taxpayer savings *(\$ in millions):*

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$1.272	\$1.318	\$1.363	\$1.408
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal *(\$ in millions):*

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	\$1.208	\$1.363	\$1.408
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- The growth rate is 10%, which is a 10-year average that reflects industry trends.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1987
Primary Beneficiaries:	Food service and catering businesses
Taxpayer Count:	730
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2022