

Repeal sales tax exemption for bottled water

Description

This proposal would extend the sales tax to sales of bottled water to consumers.

- An exemption in the form of a refund would apply to sales of bottled water for human use pursuant to a prescription.
 - An exemption in the form of a refund would apply to sales of bottled water to persons lacking readily available potable water.
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Current Law

- Under current law, sales tax does not apply to retail sales of bottled water.
 - Until January 1, 2004, sales of bottled water were subject to sales tax.
 - At that time, legislation to conform to the Streamlined Sales and Use Tax Agreement (SSUTA) took effect and sales of bottled water became exempt from sales tax.
 - In 2010, the SSUTA was amended to allow member states to separately tax bottled water sales.
 - In 2010, 2ESSB 6143 imposed sales tax on sales of bottled water beginning July 1, 2010, until December 2, 2010, when the sales tax on bottled water was repealed by Initiative 1107.
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Revenue Impact

General Fund Impacts (\$ millions):

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$0	\$29.4	\$29.4

Notes:

- Estimates assume a July 1, 2012, effective date, representing 11 months of collections for FY 2013.
 - Estimates reflect the September 2011 Economic & Revenue Forecast Council revenue forecast.
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Expenditure Impact

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$140,500	\$85,000	\$225,500
