

Repeal sales tax exemption for food and food ingredients

Description This proposal would extend the sales tax to food and food ingredients.

Current Law

- The sale and use of food and food ingredients is exempt from sales and use tax.
- "Food and food ingredients" are "substances, whether in liquid, concentrated, solid, frozen, dried, or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value."
- Sales tax generally does not apply to grocery items. Exceptions include:
 - alcoholic beverages
 - tobacco
 - dietary supplements
 - prepared foods
 - soft drinks
- Food that would normally be subject to sales or use tax, such as soft drinks, is exempt from tax if purchased with benefits under the Supplemental Nutrition Assistance Program (formerly known as the federal Food Stamp Program).

Revenue Impact

General Fund Impacts (\$ millions):

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$0	\$819.7	\$819.7

Notes:

- *This does not repeal the exemption for sales of food purchased with food stamps (RCW 82.08.0297), which is also known as the Basic Food Program.*
 - *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
TBD	TBD	TBD
