

Extend sales tax to bottled water

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

- Sales tax would apply to convenient, portable-sized bottles *and* to bulk bottled water sales (sales of water in containers that exceed one gallon).
- 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.

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tax on sales of bottled water beginning July 1, 2010, until December 2, 2010, when the sales tax on bottled water was repealed by Initiative 1107.

Revenue Impact

General Fund Impacts (\$ millions):

# of Impacted Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
198,000	\$ -	\$ 25.3	\$ 25.3	\$ 28.4	\$ 29.2	\$ 57.7

Notes:

- Estimates assume a July 1, 2016 effective date, representing 11 months of collections for FY 2017.
- Estimates reflect the November 2015 Economic & Revenue Forecast Council revenue forecast.

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**Expenditure
 Impact**

FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
\$ 149,600	\$ 85,200	\$ 234,800	\$ 45,400	\$ 45,400	\$ 90,800

Note:

FY 2016 costs represent initial implementation costs and may include items such as system changes, tax return modifications, and taxpayer education.