Department of Revenue Washington State

Tax on bottled water sales - one cent per ounce at retail

Description

This proposal would establish a new tax of one cent per ounce on the privilege of selling bottled water at retail.

- The tax would apply to convenient, portable-sized bottles *and* to bulk bottled water sales (sales of water in containers that exceed one gallon).
- This tax would be in addition to the B&O tax.
- Any tax passed on to the customer as a separate charge would be considered part of the business' gross receipts subject to the retailing B&O tax.

Current Law

Under current law, there is no stand-alone tax on the privilege of making retail sales of bottled water.

The B&O and sales tax treatment of retail sales of bottled water is as follows.

- Persons selling bottled water at retail are subject to retailing B&O tax on the gross proceeds of bottled water sales. The tax rate is 0.471 percent.
- Retail sales of bottled water to consumers are not subject to sales tax. From July 1, 2010, through December 2, 2010, however, such sales were subject to sales tax. The sales tax on bottled water was repealed by Initiative 1107.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
5,000	$ -	$ 96.4	$ 96.4	$ 108.1	$ 111.1	$ 219.2

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.*

Expenditure Impact

FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
$ 180,500	$ 154,500	$ 335,000	$ 103,100	$ 80,800	$ 183,900