



Litter Tax



FOOD COURT

82.19.050(1) - Products shipped out of state

Description Exempts products manufactured or sold in Washington for use or consumption outside of the state from the 0.015 percent litter tax.

Purpose Recognizes that litter tax is typically associated with the consumption of products in Washington.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.936	\$0.992	\$1.043	\$1.094
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing the exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.909	\$1.043	\$1.094
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Growth rate derived from February 2015 Economic and Revenue Forecast Council.

Data Sources

Department of Revenue excise tax data: B&O taxable and interstate sales deduction data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1992
Primary Beneficiaries:	Businesses that pay litter tax
Taxpayer Count:	2,100
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.19.050(2) - Agricultural products

Description Farmers selling agricultural crops and animals at wholesale are exempt from the litter tax.

Purpose Recognizes food products sold at wholesale are not generally associated with significant amounts of litter.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$1.398	\$1.398	\$1.398	\$1.398
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing the exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$1.282	\$1.398	\$1.398
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- No annual growth.

Data Sources

United States Department of Agriculture (2010 - 2015) Farm Income and Wealth Statistics Report

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1971
Primary Beneficiaries:	Farmers
Taxpayer Count:	37,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.19.050(3) - Grocery cooperatives

Description Products sold by a qualified grocery cooperative to its members are not subject to litter tax.

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

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
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 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	D	D	D
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

Because fewer than three taxpayers benefit from this exemption, the revenue impact is not disclosable.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2001
Primary Beneficiaries:	Qualified grocery cooperatives
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

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

Description Sales of food and drink for consumption on the premises of the seller, or at an adjacent eating area (e.g., food court at mall), are exempt from litter tax.

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

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.858	\$0.888	\$0.919	\$0.951
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 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.814	\$0.919	\$0.951
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Growth rate is 3.5 percent based on 10 year average.

Data Sources

Department of Revenue tax collection data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2003
Primary Beneficiaries:	Restaurants and other eating or drinking establishments
Taxpayer Count:	11,000
Program Inconsistency:	None evident
JLARC Review:	JLARC has not scheduled a review

82.19.050(5) - Caterers

Description Catered food and beverages provided in non-single use containers and served for immediate consumption on the premises controlled by the customer are exempt from litter tax.

Purpose Relieves caterers from the litter tax.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.003	\$0.003	\$0.003	\$0.004
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 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.003	\$0.003	\$0.004
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Only caterers that use non-disposable containers qualify, so deliveries made in disposable containers, such as pizza, do not qualify.
- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Growth rate is 5 percent based on average growth of caterers (NAICS 722320) gross income from 2004 through 2014.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Food service and catering businesses
Taxpayer Count:	180
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled an expedited review in 2016