

Chapter 13

Litter Tax

82.19.050(1) - Products shipped out of state

Description Products manufactured or sold in Washington for use or consumption outside of the state are exempt from the 0.015 percent litter tax.

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

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.075	\$0.077	\$0.080	\$0.082
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.071	\$0.080	\$0.082
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Growth rate derived from March 2019 Economic and Revenue Forecast Council.

Data Sources

- Department of Revenue excise tax data
- Economic Revenue and Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1992
Primary Beneficiaries:	Approximately 2,600 firms pay litter tax
Taxpayer Count:	2,609
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$1.527	\$1.595	\$1.666	\$1.740
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$1.462	\$1.666	\$1.740
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Farming businesses are reporting wholesale sales for Washington State on their excise tax returns.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Excise Tax data for agricultural businesses for Fiscal Year 2018
- U.S. Department of Agriculture, Economic Research Service, Washington State, Farm Income & Wealth Statistics
- U.S. Department of Agriculture, National Agriculture Statistics Service, Washington State Overview

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1971
Primary Beneficiaries:	Farmers
Taxpayer Count:	35,700
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2018

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	Minimal	Minimal	Minimal	Minimal
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	Minimal	Minimal	Minimal
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Litter tax would be applicable to all taxable reported income.
- Growth rate of cooperative grocers would continue per the average rate of growth.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Revenue Impact is less than \$100 for Fiscal Year 2021 through Fiscal Year 2025.

Data Sources Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2001
Primary Beneficiaries:	Qualified grocery cooperatives
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$1.145	\$1.202	\$1.262	\$1.325
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$1.102	\$1.262	\$1.325
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Annual growth rate of 5 percent is based on 10 year average.

Data Sources Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	2003
Primary Beneficiaries:	Restaurants and other eating establishments
Taxpayer Count:	11,500
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2016

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 is exempt from litter tax.

Purpose Relieves caterers from the litter tax.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.004	\$0.005	\$0.005	\$0.005
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.004	\$0.005	\$0.005
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Growth rate averaged over 10 years reflects future growth in the industry.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1987
Primary Beneficiaries:	Food service and catering businesses
Taxpayer Count:	187
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2016