



Bob Ferguson  
**ATTORNEY GENERAL OF WASHINGTON**  
1125 Washington Street SE • PO Box 40100 • Olympia WA 98504-0100

July 31, 2018

The Honorable Kim Wyman  
ATTN: Jackie Wheeler  
PO Box 40229  
Olympia, WA 98504-0229

Re: Ballot Title and Explanatory Statement for Initiative 1634

Dear Secretary Wyman:

In accordance with RCW 29A.32.040 and RCW 29A.32.070, below are the Ballot Title and Explanatory Statement for Initiative 1634. The ballot title for Initiative 1634 was previously established by court order, and is repeated here solely for convenience.

**BALLOT TITLE**

Statement of Subject: Initiative Measure No. 1634 concerns taxation of certain items intended for human consumption.

Concise Description: This measure would prohibit new or increased local taxes, fees, or assessments on raw or processed foods or beverages (with exceptions), or ingredients thereof, unless effective by January 15, 2018, or generally applicable.

Should this measure be enacted into law? Yes [ ] No [ ]

**EXPLANATORY STATEMENT**

**The Law as It Presently Exists**

All local taxation must be authorized by state law. Current state law gives broad taxing authority to counties, cities, and towns. The Washington Supreme Court has recognized that cities' and towns' taxing authority includes the authority to tax retailers for the privilege of conducting a specific type of retail business within the city. Counties and cities also have authority to impose sales and use taxes within certain limits that the Legislature has set. For example, local sales or use taxes can be imposed only when the state sales or use tax is also due on a sale or item.

Local governments like cities and counties have relied on this broad local taxing authority to impose taxes related to specific products. For example, in 2017 the City of Seattle adopted an

## ATTORNEY GENERAL OF WASHINGTON

July 31, 2018

Page 2

ordinance imposing a privilege tax on the distribution of sweetened beverages like soda within the city limits. The City of Seattle's tax is calculated based on the volume of sweetened beverages or concentrate distributed in the city.

The State has imposed state sales and use taxes on the retail sale of most items, but food and food ingredients are generally exempt from these state taxes. Nevertheless, state sales and use taxes are imposed on prepared food, alcoholic beverages, candy, bottled water, and soft drinks. There are also additional state taxes on alcoholic beverages, cigarettes, tobacco products, and marijuana products.

### **The Effect of the Proposed Measure if Approved**

If adopted, Initiative 1634 would prevent local governments from imposing or collecting any new tax, fee, or other assessment on certain grocery items after January 15, 2018. This restriction would prohibit any new local tax, fee, or assessment of any kind on the manufacture, distribution, sale, possession, ownership, transfer, transportation, container, use, or consumption of certain groceries. Initiative 1634 would also prohibit any increase of existing local taxes, fees, or assessments on these grocery items after January 15, 2018.

Local governments covered by this initiative are counties, cities, and towns, as well as other municipal corporations and local taxing districts. Covered grocery items would include any raw or processed food or beverage, or any ingredient, intended for human consumption. This would include, for example, meat, produce, grains, dairy products, nonalcoholic beverages, spices, and condiments, among other things. Covered groceries do not include alcoholic beverages, marijuana products, or tobacco.

Initiative 1634 would not prevent the State from imposing new taxes on groceries. It would not prevent local governments from imposing or collecting a new tax, fee, or assessment that is generally applicable to a broad range of businesses and business activity, so long as it does not impose a higher tax rate on groceries or impose a higher tax rate based on a classification related to groceries. Initiative 1634 would not prohibit a local tax, fee, or assessment on alcoholic beverages, marijuana products, or tobacco. Initiative 1634 would not restrict counties' and cities' existing authority to impose local sales and use taxes. Initiative 1634 would not restrict local governments' existing authority to impose other taxes on transactions involving non-grocery items.

Sincerely,



REBECCA R. GLASGOW  
Deputy Solicitor General  
(360) 664-3027