

Repeal sales tax exemption on bottled water

Description This proposal would repeal the sales tax exemption on sales of bottled water to consumers. The tax would apply to both portable-sized bottles *and* to bulk bottled water sales (sales of water in large, reusable containers).

Current Law Under current law, sales tax does not apply to retail sales of bottled water.

- Until Jan. 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, SSUTA was amended to allow member states to separately tax bottled water sales.
- In 2010, Senate Bill 6143 imposed sales tax on sales of bottled water beginning July 1, 2010, until Dec. 2, 2010, when the sales tax on bottled water was repealed by Initiative 1107.

Original Purpose and Current Analysis To conform to definitions of SSUTA. However, SSUTA has been amended to allow taxation of bottled water.

Citizen Commission Recommendation Not reviewed by the Citizen Commission.

Revenue Impact General Fund Impacts (\$ millions)

# of Impacted Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
195,000	\$21.4	\$23.0	\$44.4	\$22.6	\$22.2	\$44.9

- *Estimates assume a July 1, 2015, effective date, representing 11 months of collections for FY 2016.*
- *Estimates reflect the November 2014 Economic and Revenue Forecast Council revenue forecast.*
