

Pop Syrup

WRA Position: Protect the existing business & occupation (B&O) offset for pop syrup taxes collected and paid by restaurateurs.

Suggested Talking Points:

1. Eliminating this tax treatment would represent a tax nearly equal to a quick service restaurant's (QSRs) B&O tax.
2. QSRs, 75 percent of whom are small businesses, are significant employers in this state.
3. QSRs offer important entry-level positions in our state and are significant employers of minorities, seniors and teens.
4. In this economy it is very difficult, if not impossible, for restaurant owners to pass this tax on to consumers.
5. This tax will force QSRs to reduce hours for current employees and will likely also lead to a reduction of available jobs.

Background: Restaurateurs currently pay a \$1 tax per gallon of pop syrup consumed in their restaurants. Washington is the only state with such a tax, and for quick service restaurants, it represents an amount nearly equal to what they pay in B&O taxes. In 2006, the Legislature recognized the burden this tax places on restaurant owners, and granted a dollar-for-dollar offset against

their B&O obligation.

The current fiscal challenge facing the state in 2010 has lead a number of social service organizations to call for an elimination of this tax treatment. In addition, they are calling for the tax to be doubled and dedicated to health related programs. It is estimated that the current tax raises approximately \$8 million per year.