

Media Release

Contact: Sandeep Kaushik 206.355.9320

Office of Financial Management confirms I-1107 will make Washington State deficit worse Loss of over \$350 million in revenue puts education, health care, local services at risk

Olympia (Aug. 11)--The Washington State Office of Financial Management issued an independent fiscal analysis late yesterday that confirms that Initiative 1107, backed with millions from the American Beverage Association, would make Washington's deficit worse by stripping the state of more than \$350 million dollars of funding for core services over the next five years.

In addition to losses to the general fund which pays for education, health care and other core services, passing I-1107 would reduce revenue for small cities and local governments by an additional \$83 million, and cut funding for state performance state audits as well over the same period.

"These cuts would have a devastating effect on Washington families. This new analysis notes that the revenue losses from Initiative 1107 would effect education, social and health services, said Jon Gould of the Children's Alliance. "In times like these, many Washingtonians, from kids, to families to seniors, rely on these services to survive."

Initiative 1107 seeks to repeal mostly temporary, small taxes on non-essential items like soda pop, gum and candy that protect key services from cuts during the current economic downturn. These taxes on non-essential items provide for essential state services--like health care, school programs, senior care and more. The American Beverage Association, the national lobbying arm of the big soda companies, has already spent more than \$2.5 million to get 1107 passed in Washington State.

From the OFM report:

"[Over five fiscal years, the initiative reduces State General Fund revenues by an estimated \$352 million and state performance audit revenue by an estimated \$359,000. Revenue for local jurisdictions authorized to impose a sales tax is reduced by \$83 million over five fiscal years. Taxpayer noncompliance and confusion could result in additional state and local government revenue decreases up to \$8.7 million and \$1.8 million, respectively, in fiscal year 2011. Net state costs to administer the tax revisions are \$98,200 over five fiscal years.]

'[State revenues are estimated to decrease by \$352 million over five fiscal years as described below. State revenues deposited in the State General Fund may be used for any government purpose such as education services; social, health and environmental services; and other general government activities. State revenues deposited in the State

Performance Audit Account are used by the Washington State Auditor to conduct comprehensive performance audits required under RCW 43.09.470.]”

###

Initiative 1107 is opposed by Citizens to Protect Our Economic Future, a broad coalition of in-state groups concerned that loss of additional revenue during the current economic downturn will result in further devastating cuts to schools, health care and essential services that protect vulnerable kids and seniors.