

REVENUE OPTIONS

PROPOSED CHANGES	FY2011 Revenue (\$ millions)
Sales tax base expansions	
Repeal the exemption for jet fuel used in interstate commerce ^a	176
Modernize the sales tax to include consumer services ^{1,2}	118
Repeal the exemption for custom software	70
Extend the sales tax to purchases of candy, gum, and bakery products sold on-site	44
Repeal the exemption for nonorganic fertilizer, spray, and washes	35
Repeal the exemption for nonresidents	33
Repeal the exemption for out-of-state coal ^b	11
Subtotal	487
Other taxes	
Enact a new tax on sugar-sweetened beverages of 1 cent per oz. at wholesale ^c	315
Increase the Hazardous Substance Tax to 2.0 from 0.7 percent ^d	225
Enact a new tax on bottled water of 1 cent per oz. at wholesale	135
Increase the B&O tax rate on business services to 2.0 from 1.5 percent ^e	130
Increase the cigarette tax to \$3.025 from \$2.025 per pack	85
Raise general aviation excise tax to the level of other personal property ^a	11
Subtotal	901
Governor's proposals	
Subtotal	86
The Working Families Tax Rebate (10 percent of the federal EITC)	
Subtotal	-77
Temporarily (3-years) increase the sales tax rate to 7.5 from 6.5 percent	
Subtotal	1,031
GRAND TOTAL	2,428

1. Revenue estimates include a reduction in the B&O tax rate to the rate applied to retail sales businesses. Some consumer services are also purchased by businesses.

2. Services include: Satellite and cable TV services; personal care services (hair, nail, skin, massage, and other services); travel agent commissions and other travel arrangement services; investment advice; admissions (movie theaters, race tracks, sporting events, and others); instructional lessons (sports); and tax preparation services.

All revenue estimates are from the Department of Revenue except: ^aJoint Legislative Audit and Review Committee (JLARC), Tax Preference Reviews, various years; ^bFiscal note for SB6573; ^cChildhood Obesity Prevention Coalition; ^dWashington Toxics Coalition; ^eBPC calculations of data from DOR.