

Repeal B&O tax credit for syrup tax paid and increase the syrup tax from \$1 to \$2 per gallon

Description This proposal would repeal the B&O tax credit for the amount of syrup tax paid by a syrup buyer. It would also increase the syrup tax from \$1 per gallon to \$2 per gallon.

As of the effective date, the credit could no longer be taken and the syrup tax would increase to \$2 per gallon.

Current Law

Syrup Tax

- There is a tax of \$1 per gallon on wholesale and retail sales of syrup used to make carbonated beverages.
- Successive sales of previously-taxed syrup are not subject to the tax.
- Wholesalers collect the tax from their buyers. Retailers pay the tax directly to the Department on retail sales that are subject to the tax.

B&O Tax Credit

- There is a B&O tax credit for the amount of syrup tax paid by a buyer who purchased the syrup to make carbonated beverages that are sold by the buyer.

Revenue Impact

General Fund Impact (\$ in millions):

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$0	\$15.3	\$15.3

Notes:

- Assumes all syrup tax taxpayers have sufficient B&O liability to fully utilize the B&O tax credit.
- Estimates assume a July 1, 2012 effective date, representing 11 months of collections for FY 2013.
- Estimates reflect the September 2011 Economic & Revenue Forecast Council revenue forecast.

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Repeal B&O tax credit for syrup tax paid and increase the syrup tax from \$1 to \$2 per gallon, Continued

Expenditure
Impact

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$19,100	\$2,600	\$21,700
