

## Repeal the 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 as of the effective date of the legislation; and
  - Increase the syrup tax from \$1 per gallon to \$2 per gallon.

- Current Law**
- Syrup Tax**
- RCW 82.64.020 imposes 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.
  - Revenue from the syrup tax is deposited into the General Fund.

**B&O Tax Credit**

- RCW 82.04.4486 was enacted in 2006 to provide 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.
- Phased in over time, the amount of the B&O tax credit is now equal to 100% of the amount of the syrup tax paid by the buyer.

**Revenue Impact**

General Fund Impact (\$ in millions):

# of Impacted Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
2,400	\$ -	\$ 12.0	\$ 12.0	\$ 13.1	\$ 13.0	\$ 26.0

Notes:

- Assumes all syrup tax taxpayers have sufficient B&O liability to fully utilize the B&O tax credit.
- Estimates assume a July 1, 2016 effective date, representing 11 months of collections for FY 2017.
- Estimates reflect the November 2015 Economic & Revenue Forecast Council revenue forecast.

Continued on next page

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

**Expenditure  
Impact**

FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
\$ 3,400	\$ -	\$ 3,400	\$ -	\$ -	\$ -