

## Carbonated beverage tax – 2 cents per 12 ounces

**Description** This proposal would impose a special excise tax on the privilege of selling carbonated beverages in this state.

- As of the effective date, the tax rate would be two cents per 12-ounces of carbonated beverages sold at wholesale or retail in this state.
- Successive sales of the same carbonated beverage would be exempt, thus the tax would not pyramid.

**Current Law**

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- The sale of carbonated beverages is subject to B&O tax at a rate of 0.471% for retail sales and 0.484% for wholesale sales.
- The retail sale of soft drinks (carbonated or not) is subject to sales tax.
- There is a \$1 per gallon tax on syrup used to make carbonated beverages.
- There is no specific excise tax on the sale of carbonated beverages.

**History**

- A carbonated beverage tax was imposed from July 1, 2010, through December 2, 2010, when the tax was repealed by Initiative 1107.
- An earlier carbonated beverage tax was imposed from 1989 to 1994. This tax was imposed at 0.084 cents per ounce (roughly 1 cent per 12-ounce can or bottle) in addition to a tax of \$0.75 per gallon of syrup used to make carbonated beverages.
- In 1994, Referendum 43 eliminated the carbonated beverage tax and increased the syrup tax to its current \$1 per gallon rate.

**Revenue Impact**

General Fund Impact (\$ in millions):

# of Impacted Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
4,100	\$ -	\$ 32.4	\$ 32.4	\$ 34.9	\$ 34.4	\$ 69.2

Notes:

- Carbonated soft drinks sold at a fountain are not included in this estimate.
- 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.

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**Carbonated beverage tax – 2 cents per 12 ounces, Continued**

**Expenditure  
 Impact**

FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
\$ 37,500	\$ 15,100	\$ 52,600	\$ 7,000	\$ 7,000	\$ 14,000