

BUSINESS TAXES

OTHER BUSINESS TAXES - SOFT DRINKS SYRUP TAX

82.64.030(1) SUCCESSIVE POSSESSION

Description: Successive sales of concentrated syrup used to produce carbonated beverages are exempt from the soft drinks syrup tax.

Purpose: To avoid pyramiding of the tax.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: Retailers and wholesalers of carbonated beverages who use syrup.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 8,835	\$ 8,835	\$ 8,835	\$ 8,835
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? No.

82.64.030(2) EXPORTED SYRUP

Description: Exemption is allowed for soft drink syrup that is shipped out of state.

Purpose: To limit the tax to syrup used to produce soft drinks that are consumed in this state.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: Bottlers and wholesalers of carbonated beverage syrup that is exported.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 1,140	\$ 1,140	\$ 1,140	\$ 1,140
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? No.

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82.64.030(3) TRADEMARKED BEVERAGES

Description: Wholesale sales of trademarked soft drink syrup are exempt from the syrup tax, if the syrup is sold to a bottler who is licensed to bottle the trademarked beverage. Thus, the tax will instead be paid by the next purchaser of the syrup.

Purpose: To shift the tax from the bottler to the wholesaler, so that the incidence of the tax is consistent with other sales of carbonated beverage syrup.

Category/Year Enacted: Tax base. 1991

Primary Beneficiaries: Bottlers of trademarked beverages.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000) None; the tax is simply shifted to the next purchaser.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? No.

82.64.030(4) SYRUP USED PRIOR TO 6/1/1991

Description: This exemption restricts the soft drinks syrup tax to products sold after June 1, 1991.

Purpose: In 1991 the nature of the carbonated beverage tax was changed so that the wholesale transaction was taxed, instead of the first possession of the product. This exemption was then necessary to avoid double taxation of the same product.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: No current beneficiaries.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000) None; this exemption is no longer applicable.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? No.

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82.64.040 CREDIT FOR OTHER STATES' SYRUP TAXES

Description: A credit against the Washington soft drinks syrup tax is allowed for the amount of any similar taxes paid on the same product to a jurisdiction in another state.

Purpose: To avoid double taxation of the same product.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: Importers of soft drink syrup.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000) Minimal; most states that have similar taxes typically also have an exemption for syrup that is exported, therefore there are few instances of syrup tax having been paid in another state on syrup that is used in Washington.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? No.