

# Chapter 21

## Soft Drinks Syrup Tax

## 82.64.030(1) - Carbonated beverage syrup previously taxed

**Description** Successive sales of syrup used to produce carbonated beverages are exempt from the syrup tax if the syrup was previously taxed.

**Purpose** To avoid pyramiding of the tax. This exemption assures that the tax will apply only once to any particular gallon of syrup.

**Taxpayer savings**

*(\$ in millions):*

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

**Repeal of exemption**

Repealing this exemption would increase revenues.

**Potential revenue gains from full repeal**

*(\$ in millions):*

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

**Assumptions**

Businesses paying the tax use most of the syrup so the taxpayer savings is minimal.

**Data Sources**

No data on successive sales of previously taxed syrup

**Additional Information**

Additional Information	
<b>Category:</b>	Tax Base
<b>Year Enacted:</b>	1989
<b>Primary Beneficiaries:</b>	Carbonated beverage retailers and wholesalers who use syrup
<b>Taxpayer Count:</b>	Unknown
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	JLARC completed an expedited report in 2012

## 82.64.030(2) - Carbonated beverage syrup exported

**Description** Soft drink syrup shipped out of state is exempt from syrup tax.

**Purpose** Limits the soft drink syrup taxed to soft drinks consumed in this state.

**Taxpayer savings** (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

**Repeal of exemption** Repealing this exemption would increase revenues.

**Potential revenue gains from full repeal** (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

**Assumptions**

- No data showing syrup taxpayers taking a deduction for out of state sales.
- Tax savings is minimal since most syrup is used by the firm that pays.

**Data Sources** None

**Additional Information**

Additional Information	
<b>Category:</b>	Tax Base
<b>Year Enacted:</b>	1989
<b>Primary Beneficiaries:</b>	Carbonated beverage syrup exporters
<b>Taxpayer Count:</b>	Unknown
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	JLARC completed an expedited report in 2012

## 82.64.030(3) - Trademarked carbonated beverage syrup

**Description** Wholesale sales of carbonated beverage syrup are exempt from syrup tax if the syrup is sold to a bottler who is appointed by the owner of the syrup trademark to manufacture, distribute and sell the syrup.

**Purpose** Avoids double taxation since the carbonated beverage syrup is taxed when originally sold by the manufacturer to the bottler.

**Taxpayer savings** (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

**Repeal of exemption** Repealing this exemption would not increase revenues as the tax is shifted to the next purchasers.

**Potential revenue gains from full repeal** (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

**Assumptions** Tax shifted to the next purchaser; there are no revenues or taxpayer savings.

**Data Sources** None

**Additional Information**

Additional Information	
<b>Category:</b>	Tax Base
<b>Year Enacted:</b>	1991
<b>Primary Beneficiaries:</b>	Bottlers of trademarked beverages
<b>Taxpayer Count:</b>	0
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	JLARC completed an expedited report in 2012

## 82.64.030(4) - Carbonated beverage syrup purchased before 6/1/91

**Description** Carbonated beverage syrup taxed at first possession prior to June 1, 1991, is exempt from syrup tax.

**Purpose** The imposition of the carbonated beverage tax changed in 1991. Instead of taxation at first possession of the product, the tax now applies to the wholesale transaction. This exemption avoided double taxation of the same product in 1991.

**Taxpayer savings**

*(\$ in millions):*

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

**Repeal of exemption**

Repealing this exemption would not increase revenues. This exemption no longer applies.

**Potential revenue gains from full repeal**

*(\$ in millions):*

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

**Assumptions**

This exemption is no longer applicable due to the shelf-life of syrup.

**Data Sources**

None

**Additional Information**

Additional Information	
<b>Category:</b>	Tax Base
<b>Year Enacted:</b>	1989
<b>Primary Beneficiaries:</b>	None
<b>Taxpayer Count:</b>	0
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	JLARC completed an expedited report in 2012

## 82.64.040 - Taxes paid in other states

**Description** Businesses may take a credit against the syrup tax for similar taxes paid in another state or foreign county.

**Purpose** Avoids double taxation of the same product.

**Taxpayer savings**

*(\$ in millions):*

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

**Repeal of exemption**

Repealing this exemption would increase revenues.

**Potential revenue gains from full repeal**

*(\$ in millions):*

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

**Assumptions**

- West Virginia, Arkansas, and the City of Chicago have various carbonated beverage syrup taxes.
- There is no data showing carbonated beverage syrup being imported into the state from these areas.
- Taxpayer savings are unknown but assumed minimal.

**Data Sources**

None

**Additional Information**

Additional Information	
<b>Category:</b>	Tax Base
<b>Year Enacted:</b>	1989
<b>Primary Beneficiaries:</b>	Carbonated beverage syrup importers
<b>Taxpayer Count:</b>	Unknown
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	Not reviewed by JLARC