

Council Amendment G2 to Substitute CB 118965 (D10a) –1.25c/oz Tax Rate + Coffee and Milk Beverages (Herbold)

Beginning on page 5, line 22, amend the following subsection as shown below:

“Sweetened beverage” includes all drinks and beverages commonly referred to as soda, pop, cola, soft drinks, sports drinks, energy drinks, sweetened ice teas and coffees, and other products with added caloric sweeteners including but not limited to juice with added caloric sweetener, flavored water with added caloric sweetener, and non-alcoholic mix beverages that may or may not be mixed with alcohol or any other common names that are derivations thereof. “Sweetened beverage” does not include any of the following:

~~((1. Any beverage in which natural milk is the primary ingredient, in other words, the ingredient listed first in the product ingredient list; or in which water and grains, nuts, legumes, or seeds constitute the first two ingredients in the product ingredient list;))~~

~~((2.))~~1. Any beverage for medical use;

~~((3.))~~2. Any liquid sold for use as a meal replacement for weight reduction or other purposes;

~~((4.))~~3. Any product commonly referred to as infant formula or baby formula;

~~((5.))~~4. Any alcoholic beverage;

~~((6.))~~5. Any beverage consisting of 100 percent natural fruit or vegetable juice with no added sweetener. For the purposes of this definition of “sweetened beverage”, natural

fruit juice and natural vegetable juice mean the original liquid resulting from the pressing of fruits or vegetables;

~~((7))~~6. Any concentrate that the consumer combines with other ingredients to create a beverage;

~~((8))~~7. Any beverage that contains fewer than 40 calories per 12-ounce serving;
or

~~((9))~~8. Sweetened medication such as cough syrup, liquid pain relievers, fever reducers, and similar products."

Beginning on page 6, line 21, amend the following subsection as shown below:

"5.53.030 Tax imposed; rates

A. There is imposed a privilege tax on every person engaging within the City in business as a distributor of sweetened beverages.

1. The amount of tax due shall be equal to the volume of sweetened beverages the distributor distributes in the City, multiplied by the applicable tax rate prescribed in subsection 5.53.030.B.

2. For sweetened beverages that are concentrates, the tax shall be calculated using the largest volume of beverage that would typically be produced by the amount of concentrate distributed based on the manufacturer's instructions or industry practice.

B.

1. For sweetened beverages that the Director has certified to have been manufactured by a manufacturer with worldwide gross income of more than \$2,000,000 but less than \$5,000,000 in the prior calendar year, the tax rate shall be \$0.01 per fluid ounce of sweetened beverage the distributor distributes. In order for a sweetened beverage to be eligible

for the rate under this subsection 5.53.030.B.1, the manufacturer must apply to the City for certification according to rules established by the Director.

2. For all other sweetened beverages, the tax rate shall be (~~(\$0.0175)~~)\$0.0125 per fluid ounce of sweetened beverages the distributor distributes."

Effect: Reduces the rate of tax for most sweetened beverages (made with sugar or other caloric sweeteners) from \$0.0175 per fluid ounce to \$0.0125 per fluid ounce. Removes the exclusion from the tax for milk-based beverages.