

**Council Amendment B4 to Substitute CB 118965 (D10a) – Manually Prepared Beverage**

**Exemption (Harrell)**

On page 4, on line 1, before “Beverage for medical use”, insert the following:

““Beverage dispensing machine” means a fountain drink machine, a device that combines concentrate and carbon dioxide with chilled water or other liquid, or other refrigerated beverage machine used to serve sweetened beverages.”

On page 5, after line 9, insert the following:

““Hand-crafted beverage” means any non-alcoholic beverage made by hand by the retailer using a concentrate, and not dispensed by a beverage dispensing machine.”

Beginning page 5, after line 21, amend the following subsection as shown:

““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. Any beverage for medical use;
  3. Any liquid sold for use as a meal replacement for weight reduction or other purposes;
  4. Any product commonly referred to as infant formula or baby formula;
  5. Any alcoholic beverage;
  6. 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. Any concentrate that the consumer combines with other ingredients to create a beverage;
  8. Any hand-crafted beverage;
  - ~~((8-))~~9. Any beverage that contains fewer than 40 calories per 12-ounce serving;
- or
- ~~((9-))~~10. Sweetened medication such as cough syrup, liquid pain relievers, fever reducers, and similar products."

On page 9, beginning on line 7, amend following subsection as shown below:

### **"5.53.080 Rules and regulations**

The Director shall adopt, publish, and enforce rules and regulations not inconsistent with this Chapter 5.53 for the purpose of carrying out the provisions of this chapter, including but not limited to rules to clarify the inclusion or exclusion of particular products, the calculation of tax for concentrates based on manufacturer's instructions or industry practice, rules to clarify the definition and exemption from the sweetened beverage tax of hand crafted beverages, rules to implement the exemption for the products of certain manufacturers under subsection 5.53.050.A, and the designation of caloric\_sweeteners."

**Effect:** Exempts from the sweetened beverage tax any hand-crafted beverages which are note solely dispensed by machine.