

Amendment 1b to Substitute CB 118965 – Small Manufacturer Rate (González)

Beginning on page 6, after line 20, amend 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, ((F))the tax rate shall be \$0.0175 per fluid ounce of sweetened beverages the distributor distributes."

Beginning on page 9, on line 1, 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 implement the exemption for the products of certain manufacturers under subsection 5.53.050.A, rules to implement the tax rates provided under subsection 5.53.030.B, and the designation of caloric sweeteners."

Effect: Establishes a reduced rate of tax on the distribution of sweetened beverages made by a manufacturer with worldwide gross receipts of more than \$2 million but less than \$5 million in the prior calendar year.