

SOFT DRINKS TAX

The Soft Drinks Tax was enacted in 1925 and provided that persons engaged in the business of selling, manufacturing, etc., soda water, ginger ale, coca-cola, lime-cola, pepsi-cola, near beer, beer, fruit juices, ice cream, ices, sundaes, confections, bottled drinks of every kind whatsoever, and all fountain drinks and other beverages and things commonly designated as "soft drinks" shall be subject to the payment of a license tax measured by sales.

Since 1925, there have been changes in the items taxed, the rates and method of taxation and discount procedures. The following schedule shows the changes made in the various categories:

A. Items Taxed:1925 - Act No. 197:

- | | | |
|---------------|-----------------|---|
| 1. Soda Water | 7. Beer | 13. All Bottled Drinks |
| 2. Ginger ale | 8. Fruit Juices | 14. All Fountain Drinks |
| 3. Coca-cola | 9. Ice Cream | 15. Others commonly designated as "soft drinks" |
| 4. Lime-cola | 10. Ices | |
| 5. Pepsi-cola | 11. Sundaes | |
| 6. Near beer | 12. Confections | |

1926 - Act No. 475:

This Act deleted "Ice Cream" from the list. (Number 9 on the above list.)

CA 110 203T

The Act further provided that milk, or drinks of which whole milk forms the base, would not be taxable, but that drinks made of powdered milk or other substitutes for whole milk would be taxable.

1928 - Act No. 574:

This Act deleted "Ices", "Sundaes" and "Confections" from the list. (Numbers 10, 11 & 12)

The Act further provided for a definition of "syrup" for purposes of taxation and fountain drinks. This definition is identical to the language in the 1976 Code.

1930 - Act No. 816:

This Act provided for a refund for tax paid on milk drinks sold to schools.

1933 - Act No. 187:

This Act exempted all milk drinks made from whole milk and produced by farmers or dairies when sold in milk bottles.

1946 - Act No. 539:

This Act exempted unfermented pure fruit and vegetable juices, except when artificial coloring, flavoring, preservatives or carbonic gas was added.

1947 - Act No. 59:

This Act exempted all milk drinks produced by farmers and dairies and sold in milk bottles. Formerly, only milk drinks made from whole milk were exempted.

Listed below are the items taxed pursuant to this Act:

- | | | |
|---------------|-----------------|--|
| 1. Soda Water | 6. Pepsi-Cola | 10. Milk drinks when
flavoring or syrup is
added. |
| 2. Ginger-ale | 7. Budwine | 11. Cider |
| 3. Nu-Grape | 8. Near beer | 12. Cordials |
| 4. Coca-cola | 9. Fruit Juices | 13. Bottled carbonated
water |
| 5. Lime-cola | | 14. All bottled pre-
parations commonly
referred to as "soft
drinks" of whatever
kind. |

1960 - Act No. 826:

This Act exempted all bottled soft drinks containing thirty percent or more natural fruit juices, vegetable juices or natural liquid milk.

The term "bottled drinks" was defined as soft drinks in any closed or sealed glass, metal, paper, or any other type of bottle or container, regardless of the size of the container.

This Act added "vegetable juice" to the list of items taxed. (See list under "1947 - Act No. 59")

1968 - Act No. 1214:

This Act provided exemptions for powders or bases as follows:

1. Coffee
2. Tea
3. Cocoa or chocolate
4. Syrup donated to welcome stations

1979 - Act No. 199:

This Act added the following exemptions for powders or bases:

5. Frozen or freeze dried concentrates to which only water is added to produce a pure vegetable or fruit juice.

B. Rates:

1925 - Act No. 197:

- | | |
|--|--|
| 1. Soda and fountain drinks, ice cream, etc. | 20% of the entire receipts. |
| 2. Bottled drinks | \$.01 for each \$.05 or fraction of the selling price. |

1928 - Act No. 574:

- | | |
|---|--|
| 1. Soda and fountain drinks | \$.76 per gallon, for each gallon of syrup. |
| 3. Drinks not made with syrup (Powders & bases) | \$.01 for each \$.05 or fraction of the selling price. |

1947 - Act No. 59:

2. Bottled Drinks \$.01 for each 12 ounces
or fraction

1959 - Act No. 140:

1. Soda and Fountain Drinks \$1.00 per gallon for
each gallon of syrup.

1967 - Act No. 458:

1. Soda and Fountain Drinks \$.95 per gallon for each
gallon of syrup.

1968 - Act No. 1214:

3. Drinks not made with syrup
(powder & bases) \$.16 per gallon of soft
drink customarily made
from a package

C. Method of Taxation:

1925 - Act No. 197:

This Act provided that payment be made by filing a return with the Tax Commission by the tenth of the month showing the amount of sales during the previous month and remit the tax.

1928 - Act No. 574:

This Act provided that all manufacturers and dealers in bottled soft drinks would be required to affix stamps or tax crowns to evidence payment of the Soft Drinks Tax.

Syrups would have a stamp attached to the original container.

The Act also provided that crowns or stamps may be consigned and the tax paid monthly as the stamps or crowns are used.

D. Discounts:

1928 - Act No. 574:

When this Act required affixing of stamps or the use of crowns, it provided discounts on the purchase of stamps and crowns as follows:

1. Stamps:

Sale of less than \$50.00	No discount
Sale of \$50.00 or over and less than \$100.00	5% on the entire sale
Sale of \$100.00 or more	10% on the entire sale

2. Crowns:

Sale of less than 50 gross crowns	No discount
Sale of over 50 gross, but less than 100 gross crowns	5% on the entire sale
Sale of over 100 gross crowns	10% on the entire sale

The discount in the case of crowns did not apply to the cost of the crowns, only to the tax value.

1933 - Act No.

1. Stamps

Sale of less than \$25.00	No discount
Sale of \$25.00 or over and less than \$50.00	5% on the entire sale
Sale of \$50.00 or more	10% on the entire sale

2. Crowns

Sale of less than 25 gross crowns	No discount
Sale of over 25 gross, but less than 50 gross crowns	5% on the entire sale
Sale of over 50 gross crowns	10% on the entire sale

1956 - Act No. 813:

This Act provided for the following charges for crowns and lids in lieu of the former discount allowed:

First 5,000 gross of one cent units	\$.72 per gross for each one cent of face value.
-------------------------------------	---

Each gross over 5,000	\$1.22 per gross for each one cent of face value.
-----------------------	---

The reduced rate for the first 5,000 gross is to be applied only once during any one fiscal year to any one manufacturing plant.

1964 - Act No. 1046:

This Act reduced the charges for crowns and lids as follows:

First 5,000 gross of one cent units	\$.36 per gross for each one cent of face value.
Each gross over 5,000	\$1.22 per gross for each one cent of face value.

1967 - Act No. 458:

This Act reduced the charges for crowns and lids as follows:

First 15,000 gross of one cent units	No charge
Second 15,000 gross of one cent units	\$1.05 per gross for each one cent of face value
Each gross over 30,000	\$1.22 per gross for each one cent of face value

The exemption of the first 15,000 gross and the reduction of the second 15,000 gross is to be applied only once during any one fiscal year to any one manufacturing plant.

1968 - Act No. 1263:

This Act repealed the provision added in 1928 which allowed the consignment of crowns or stamps.

1971 - Act No. 410:

This Act provided that the exemption and reduction of the charge for crowns and lids would apply only to bottling plants offering their products for sale to all retail outlets within their territory, and, delivered on their leased or owned soft drink trucks, and, marketed in the normally accepted store-door delivery method within the State.

1975 - Act No. 176:

This Act provided for licensing of distributors and wholesalers and provided for the payment of the tax by the reporting method in lieu of stamps and crowns for certain bottlers.

The reporting system was made available to any plant which was entitled to the crown tax exemption and reduced rates (See "1971 - Act No. 410" under Item D) and also to any plant located in the State which was not entitled to exemption.

1983 - Act No. 110:

This Act allowed manufacturers, wholesalers, distributors and retailers, both in State and out-of-state, to remit the soft and bottled drink tax by the reporting method, and at the same time, repealed the annual five dollar retail soft drink license.

1984 - Act No. 512:

This Act provided that all manufacturers, distributors, wholesalers and retailers making sales or disposing of bottled soft drinks, syrups, premixes, powders and bases in this State are required to file a monthly report with the Tax Commission by the 20th of the month next succeeding the month of sale or disposition. Beginning July 1, 1984 crowns and stamps will be obsolete items.

1986 - Act No. 306:

Taxpayers will no longer be required to make an annual application for soft drinks. Effective January 30, 1986, licenses are permanent. Also, the fee associated with soft drink licenses has been repealed. However, taxpayers must continue to make application and obtain a license before conducting business.