

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 the pyramiding of the tax. This exemption assures the tax will apply only once to any particular gallon of syrup.

Taxpayer savings (\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Minimal	Minimal	Minimal	Minimal
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 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	Minimal	Minimal	Minimal
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions Taxpayers paying the tax use most of the syrup, so the taxpayer savings are minimal.

Data Sources There is no data on successive sales of previously taxed syrup.

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Carbonated beverage retailers and wholesalers who use syrup
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2012 and 2022

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 tax to soft drinks consumed in Washington.

Taxpayer savings *(\$ in millions):*

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Minimal	Minimal	Minimal	Minimal
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 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	Minimal	Minimal	Minimal
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions Most taxpayers who use the syrup pay the tax; therefore, the revenue impacts are minimal.

Data Sources Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1989
Primary Beneficiaries:	Carbonated beverage syrup exporters
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2012 and 2022

82.64.030(3) - Trademarked carbonated beverage syrup

Description Wholesale sales of carbonated beverage syrup are exempt from syrup tax if the syrup sales are to a bottler 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 2024	FY 2025	FY 2026	FY 2027
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 credit would not increase revenues as the tax shifts to the next purchaser.

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

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions Tax shifts to the next purchaser; therefore, no revenue impact.

Data Sources None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1991
Primary Beneficiaries:	Bottlers of trademarked beverages
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2012 and 2022

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 applies to the wholesale transaction. This exemption avoids double taxation of the same product in 1991.

Taxpayer savings

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
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 credit would not increase revenues. This exemption no longer applies.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
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	
Category:	Tax Base
Year Enacted:	1989
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2012 and 2022

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 2024	FY 2025	FY 2026	FY 2027
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this credit would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	\$0.000	Minimal	Minimal	Minimal
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.
- The revenue impacts are unknown but assumed minimal.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Carbonated beverage syrup importers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	No review completed