

# SUGAR-SWEETENED BEVERAGE EXCISE TAX PROPOSALS

SENATE FINANCE – APRIL 7, 2022

One House bill was introduced this biennium proposing to impose a sugar-sweetened beverages tax: [H.37 of 2021](#). A summary of the bill as introduced follows.

## **H.37 of 2021, As Introduced, Summary**

Imposes tax on distributors of \$0.01 per ounce of sugar sweetened beverages, syrup, and powder (H.343 was \$0.02 per ounce)

- **“Sugar sweetened beverage”** means any nonalcoholic beverage, carbonated or noncarbonated, that is intended for human consumption as a beverage and contains any added sweetener. As used in this definition, “nonalcoholic beverage” means any beverage that contains less than one-half of one percent alcohol per volume.
  - **“Sweetener”** means any caloric substance suitable for human consumption that humans perceive as sweet and includes sucrose, fructose, glucose, other sugars, or fruit juice concentrates but does not include any substance that adds fewer than five calories per reference amount customarily consumed or per labeled serving.
- **“Syrup”** means a liquid mixture of ingredients used in making, mixing, or compounding sugar sweetened beverages using one or more other ingredients, such as water, ice, powder, simple syrup, fruits, vegetables, fruit juice, vegetable juice, or carbonation or other gas.
- **“Powder”** means any solid mixture of ingredients used in making, mixing, or compounding sugar sweetened beverages by mixing the powder with any one or more other ingredients, including water, ice, syrup, simple syrup, fruits, vegetables, fruit juice, vegetable juice, or carbonation or other gas.

Creates exemptions from excise tax for certain sales and products, including:

- nontaxable sales to the US government
- sales for resale or consumption outside the state
- beverages without caloric sweetener, including water, coffee, and tea
- beverages in which milk, or milk substitute, is the primary ingredient or the first listed ingredient on the label of the beverage.
- infant formula
- beverages for medical use
- 100% natural fruit or vegetable juice

Requires returns every month on the 25<sup>th</sup> (same due date as for sales tax and meals and rooms tax monthly returns).

Requires licenses be obtained by distributors and wholesale outlets owned or controlled prior to sale of sugar sweetened beverages. Separate licenses are required for separate wholesale outlets

Creates recordkeeping, appeal, bonding, and administrative requirements, including imposing penalties up to \$100/day for unlicensed sales of sugar sweetened beverages

Requires Vermont Department of Health to assess the impact the tax has on consumer purchasing and health outcomes.

Creates special fund for all excise tax revenues Adverse Childhood Experiences Initiative Fund.

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## **List of bills introduced imposing a sugar-sweetened beverages tax**

- [H.37 of 2021](#): \$0.01 per ounce
- [H.343 of 2019](#): \$0.02 per ounce
- [H.699 of 2018](#): \$0.01 per ounce
- [H.214 of 2017](#): \$0.02 per ounce
- [H.235 of 2015](#): \$0.02 per ounce
- [H.234 of 2013](#): \$0.01 per ounce
- [H.615 of 2012](#): \$0.01 per ounce
- [H.151 of 2011](#): \$0.01 per ounce

## Notes

- All of these bills contained substantially similar provisions to those in H.37 of 2021, with some variation as to the exempt products and the definitions.
- None of these bills required the tax to be passed onto the final consumer. An example of a tax that is required to be passed onto the retail customer is the tobacco products tax.
  - 32 V.S.A. § 7812 reads in relevant part: “[t]he amount of taxes advanced and paid by a licensed wholesale dealer or retail dealer as hereinabove provided shall be added and collected as part of the sales price of the tobacco products.”
  - If desired, similar language could be used to add that requirement to the sugar-sweetened beverages excise tax.