

1 **State of Arkansas**
2 **78th General Assembly**
3 **Second Extraordinary Session, 1992**
4 **By: Senator Steve Bell**

A Bill ACT 7 OF 1992
SENATE BILL 8

Call Item 2

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7 **For An Act To Be Entitled**

8 "AN ACT TO LEVY A TAX ON SOFT DRINKS SOLD OR OFFERED FOR
9 SALE IN ARKANSAS; TO PROVIDE DEFINITIONS AND PROCEDURES
10 FOR THE COLLECTION OF THE TAX; AND FOR OTHER PURPOSES."

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13 **Subtitle**

14 "AN ACT TO LEVY A TAX ON SOFT DRINKS."

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16 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

17
18 SECTION 1. This act shall be known and may be cited as the "Arkansas
19 Soft Drink Tax Act" and is hereby declared to levy a state tax as defined in
20 the Arkansas Tax Procedure Act (Ark. Code Ann. §26-18-101 et seq.) This act
21 is to be administered in all respects in accordance with the Arkansas Tax
22 Procedure Act unless otherwise provided.

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24 SECTION 2. DEFINITIONS

25 (a) Terms used in this Act which are defined by the Arkansas Tax
26 Procedure Act (Ark. Code. Ann. §26-18-101 et seq.), shall have the meaning set
27 out in that act unless otherwise provided or unless a different meaning is
28 required by the use of the term.

29 (b) As used in this act:

30 (1) "Bottle" means any closed or sealed glass, metal, paper, plastic,
31 or any other type of container regardless of the size or shape of such
32 container.

33 (2) "Bottled soft drinks" means any complete, ready to consume, non-
34 alcoholic drink, whether carbonated or not, commonly referred to as a soft
35 drink, contained in any bottle.

36 (3) "Director" means the Director of the Department of Finance and

1 Administration or his authorized agent.

2 (4) "Distributor, manufacturer, or wholesale dealer" means any person
3 who receives, stores, manufactures, bottles or sells bottled soft drinks, soft
4 drink syrups, simple syrups, or powders or base products for mixing,
5 compounding or making soft drinks for sale to retail dealers, other
6 manufacturers, wholesale dealers or distributors for resale purposes.

7 (5) "Milk" means natural liquid milk regardless of animal source or
8 butter fat content; or natural milk concentrate, whether or not reconstituted,
9 regardless of animal source or butter fat content or dehydrated natural milk
10 whether or not reconstituted.

11 (6) "Natural fruit juice" means the original liquid resulting from the
12 pressing of fruit or the liquid resulting from the reconstitution of natural
13 fruit juice concentrate or the liquid resulting from the restoration of water
14 to dehydrated natural fruit juice.

15 (7) "Natural vegetable juice" means the original liquid resulting from
16 the pressing of vegetables or the liquid resulting from the reconstitution of
17 natural vegetable juice concentrate or the liquid resulting from the
18 restoration of water to dehydrated natural vegetable juice.

19 (8) "Non-alcoholic beverage" means and includes all beverages not
20 subject to tax under Ark. Code Ann. §3-7-104.

21 (9) "Place of business" means any place where soft drinks, syrups,
22 simple syrups, powder or base products are manufactured or any place where
23 bottled soft drinks, soft drink syrup, simple syrup, soft drink powder or
24 other soft drink base product or any other item taxed under this act are
25 received.

26 (10) "Powder" or "other base" means a solid mixture of basic
27 ingredients used in making, mixing or compounding soft drinks by mixing the
28 powder or other base with water, ice, syrup or simple syrup, fruits,
29 vegetables, fruit juice, vegetable juice, or any other product suitable to
30 make a complete soft drink.

31 (11) "Retailer" or "retail dealer" means any person other than a
32 manufacturer, distributor or wholesaler, who receives, stores, mixes,
33 compounds or manufacturers any soft drink and sells or otherwise dispenses the
34 same to the ultimate consumer.

35 (12) "Sale" means the transfer of title or possession for a valuable
36 consideration of tangible personal property regardless of the manner by which

1 the transfer is accomplished. When a retailer is also acting as a wholesaler
2 or distributor, the duty to report and pay the tax imposed by this act arises
3 when the property is transferred to a retail store for sale to the ultimate
4 consumer as reflected by the records of the taxpayer.

5 (13) "Simple syrup" means a mixture of sugar and water.

6 (14) "Soft drink" means any non-alcoholic beverage sold for human
7 consumption including, but not limited to, the following: soda water, ginger
8 ale, all drinks commonly referred to as cola, lime, lemon, lemon-lime and
9 other flavored drinks whether naturally or artificially flavored, including
10 *any fruit or vegetable drink containing ten percent (10%) or less natural*
11 *fruit juice, natural vegetable juice, and all other drinks and beverages*
12 commonly referred to as soft drinks but not including coffee or tea unless the
13 coffee or tea is bottled as a liquid for sale.

14 (15) "Syrup" means the liquid mixture of basic ingredients used in
15 making, mixing or compounding soft drinks by mixing the syrup with water,
16 simple syrup, ice, fruits, vegetables, fruit juice, vegetable juice, or any
17 other product suitable to make a complete soft drink.

18

19 SECTION 3. LICENSES

20 (a) All distributors, wholesalers or manufacturers of soft drinks
21 whether located within or without the State of Arkansas, who sell or offer
22 syrups, simple syrups, powders or base products, or soft drinks for sale to
23 retail dealers within the State of Arkansas shall obtain a license for the
24 privilege of conducting such business within Arkansas from the Director.

25 (b) Any retailer who purchases syrups, simple syrups, powders or base
26 products, or soft drinks from an unlicensed manufacturer, wholesaler or
27 distributor shall obtain a license for the privilege of conducting such
28 business from the Director.

29 (c) Any person required to obtain a license under this act shall obtain
30 a license for each place of business owned or operated by him.

31 (d) The license shall be conspicuously displayed at the place of
32 business for which it was issued.

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34 SECTION 4. TAX RATE

35 There is hereby levied and there shall be collected a tax upon every

1 distributor, manufacturer or wholesale dealer to be calculated as follows:

2 (1) *Two dollars (\$2.00)* per gallon for each gallon of soft drink syrup
3 or simple syrup sold or offered for sale in the State of Arkansas.

4 (2) *Twenty-one cents (\$0.21)* per gallon for each gallon of bottled soft
5 drinks sold or offered for sale in the State of Arkansas.

6 (3) Where a package or container of powder or other base product other
7 than a syrup or simple syrup is sold or offered for sale in Arkansas, and the
8 powder is for the purpose of producing a liquid soft drink, then the tax on
9 the sale of each package or container shall be equal to *twenty-one cents*
10 (*\$0.21*) for each gallon of soft drink which may be produced from each package
11 or container by following the manufacturer's directions. This tax applies when
12 the sale of the powder or other base is sold to a retailer for sale to the
13 ultimate consumer after the liquid soft drink is produced by the retailer.

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15 SECTION 5. IMPOSITION OF TAX - RETAILER

16 (a) Any retailer or retail dealer who purchases bottled soft drinks,
17 soft drink syrup, simple syrup, powder or base product from an unlicensed
18 distributor, manufacturer or wholesale dealer, shall be liable for the tax
19 levied in Section 4 of this Act on those purchases.

20 (b) A retailer shall not be subject to this tax if the retailer
21 purchases syrups, simple syrups, powders or base products, or soft drinks from
22 a supplier licensed under Section 3 of this Act.

23

24 SECTION 6. EXEMPTIONS

25 The following shall be exempt from the tax levied by this act:

26 (a) Syrups, simple syrups, powders or base products, or soft drinks
27 sold to the United States Government.

28 (b) Syrups, simple syrups, powders or base products, or soft drinks
29 exported from the State of Arkansas by a distributor, wholesaler or
30 manufacturer.

31 (c) Any powder or base product that is used in preparing coffee or tea.

32 (d) Any frozen concentrate or freeze dried concentrate to which only
33 water is added to produce a soft drink containing more than ten percent (10%)
34 natural fruit juice or natural vegetable juice.

35 (e) Any soft drink containing more than ten percent (10%) natural fruit

1 *juice or natural vegetable juice.*

2 (f) Syrups, simple syrups, powders or base products, or soft drinks
3 sold by one distributor, wholesaler or manufacturer to another distributor,
4 wholesaler or manufacturer who holds a license issued by the Director under
5 the provisions of this act as a distributor, wholesaler or manufacturer
6 provided that the license number of the distributor, wholesaler, manufacturer
7 to whom the soft drink is sold is clearly shown on the invoice for the sale
8 which is claimed to be exempt. This exemption shall not apply to any sale to
9 a retailer.

10 (g) Any product whether sold in liquid or powder form which is intended
11 by the manufacturer for consumption by infants and which is commonly referred
12 to as "infant formula".

13 (h) Any product whether sold in liquid or powder form which is intended
14 by the manufacturer for use as a dietary supplement or for weight reduction.

15 (i) Water to which no flavoring, whether artificial or natural, nor
16 carbonation has been added.

17 (j) *Any powder or other base product which is intended by the*
18 *manufacturer to be sold and used for the purpose of domestically mixing soft*
19 *drinks by the ultimate consumer.*

20 (k) *Any product containing milk or milk products.*

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22 SECTION 7. TAX REPORTING

23 The tax levied by this act shall be paid by the distributor, wholesaler
24 or manufacturer when the syrup, powder or base product, or soft drink is sold.

25 The tax levied by this act shall be paid by a retailer who purchases syrups,
26 powder or base products or soft drinks from an unlicensed distributor,
27 wholesaler or manufacturer. The distributor, wholesaler or manufacturer and
28 any retailer subject to this tax shall file a monthly return and remit the tax
29 for the month to the Director on or before the 15th day of the month next
30 following the month in which the sale or purchase was made. The returns shall
31 be made upon forms prescribed and furnished by the Director and signed by the
32 person required to collect and remit the tax or his agent. The return shall
33 contain such information as the Director shall require for the proper
34 administration of this act.

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1 SECTION 8. (a) If a distributor, manufacturer or wholesale dealer sells
2 bottled soft drinks, soft drink syrups, powders or base products to retailers
3 or retail dealers located in a city or incorporated town which is subject to
4 the border city tax rate provided in Ark. Code Ann. §26-52-303, then the tax
5 shall be at the same rate as imposed by the adjoining state on distributors,
6 manufacturers or wholesale dealers, not to exceed the rate imposed by this
7 Act.

8 (b) If a retailer or retail dealer is located in a city
9 or incorporated town which is subject to the border city tax rate provided by
10 Ark. Code Ann. §26-52-303 and the retailer or retail dealer purchases bottled
11 soft drinks, soft drink syrup, powder or base products from an unlicensed
12 distributor, manufacturer or wholesale dealer, then the tax imposed by this
13 Act shall be at the same rate imposed by the adjoining state, not to exceed
14 the rate imposed by this Act.

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16 SECTION 9. The revenues derived from the tax collected under this act
17 shall be remitted to the State Treasurer who shall deposit the revenues in the
18 State Treasury as general revenues.

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20 SECTION 10. All provisions of this act of a general and permanent
21 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
22 Code Revision Commission shall incorporate the same in the Code.

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24 SECTION 11. If any provision of this act or the application thereof to
25 any person or circumstance is held invalid, such invalidity shall not affect
26 other provisions or applications of the act which can be given effect without
27 the invalid provision or application, and to this end the provisions of this
28 act are declared to be severable.

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30 SECTION 12. All laws and parts of laws in conflict with this act are
31 hereby repealed.

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33 SECTION 13. EMERGENCY CLAUSE.
34 It is hereby found and determined by the General Assembly that the State
35 of Arkansas is in serious need of additional revenues which are necessary to

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