

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: SB725**

**As Engrossed: 3/16/2015**

**Bill Subtitle: TO AMEND THE ARKANSAS SOFT DRINK TAX ACT; AND TO AMEND THE CALCULATION OF TAXES ON SOFT DRINK SYRUP AND SIMPLE SYRUP.**

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**Basic Change :** Sponsor: Senator Files

Engrossment 03/16/15 --- Senate Amendment 1 --- Amends the bill to add additional cosponsors of the proposed legislation.

Original Bill --- This proposal would reduce the current Soft Drink tax rate on Syrup/Simple Syrups from two dollars (\$2.00) per gallon for each gallon of soft drink syrup or simple syrup sold or offered for sale in the State to twenty-one cents (21¢) for each gallon of soft drink that may be produced from each package or container of syrup when following the manufacturer's directions. Ark. Code Ann. § 26-57-908 provides that all revenues generated from the soft drink tax are deposited to the Arkansas Medicaid Program Trust Fund. None of the Soft Drink Tax revenues are designated as General Revenues.

**Revenue Impact :**

FY2016

\$ 3.9 Million loss to Medicaid Program Trust Fund

[ Calculation based on September 1, 2015 effective date. ]

FY2017

\$ 5.2 Million loss to Medicaid Program Trust Fund

[ Revenue Impact based on 2014 Soft Drink Tax Collection Amounts ]

**Taxpayer Impact :**

Wholesale and retail businesses selling soft drink syrups would report reduced tax amounts beginning on the effective date of this proposal.

**Resources Required :**

None

**Time Required :**

Adequate time is provided for implementation.

**Procedural Changes :**

Education of the staff and the adoption of rules for this addition would also be necessary.

**Legal Analysis :**

SB725, as engrossed S3/16/15, adds four new Senate sponsors and makes no substantive changes to the bill.