

Department of Finance and Administration

Legislative Impact Statement

Bill: SB725

Amendment Number: S2

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

Basic Change : Sponsor: Senator Files

Senate Amendment 2 --- Amends the bill to provide that the "Arkansas Soft Drink Tax Act", Ark. Code Ann. § 26-57-901 et seq. would expire on June 30, 2017.

Engrossment 03/16/15 ---- 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 \$2.00 per gallon for each gallon of soft drink syrup or simple syrup sold or offered for sale in the State to 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

FY2018

\$43.9 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. Effective July 1, 2017, soft drink manufacturers, wholesalers and retail businesses would no longer report soft drink tax.

Resources Required :

None

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Education of the staff in the change of law.

Legal Analysis :

Senate amendment #2 to SB725 would repeal the Arkansas Soft Drink Tax Act effective June 30, 2017