

LEGISLATIVE DIGEST

Business and Tax Regulations Code - Sugary Drinks Distributor Tax Administration

Ordinance amending the Business and Tax Regulations Code to administer the Sugary Drinks Distributor Tax.

Existing Law

The Sugary Drinks Distributor Tax (Tax) was enacted by the San Francisco voters as Proposition V on November 8, 2016 and codified in Article 8 of the Business and Tax Regulations (BTR) Code.

The Tax is one cent per ounce of bottled sugar-sweetened beverages, or per ounce of beverages made from powders and syrups. The Tax is paid by the first “distributor” of the beverage, powder or syrup in the City. The Tax is a general tax, and the proceeds are deposited to the General Fund. The Tax takes effect on January 1, 2018.

Existing provisions of the Tax direct the Tax Collector to register distributors and administer the Tax consistently with Article 6, Common Administrative Provisions, of the BTR Code. Article 6 defines tax-related terms and specifies tax due dates and details of reporting requirements that apply to most of the City’s business taxes (e.g., gross receipts, payroll expense, hotel, parking, stadium operator, and utility users).

Amendments to Current Law

This ordinance amends BTR Article 6 to include the Tax. The amendments specify that the Tax is due quarterly, provide for a discretionary extension of 30 days to file each quarterly return, and apply relevant definitions and administrative provisions (e.g., for credits and refunds).

Background Information

These amendments implement specific provisions of Proposition V as codified in BTR Article 8. They allow the Tax Collector to administer the Tax consistently with other City business taxes.