

**HOUSE . . . . . No. 2529**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

***Kay Khan and Jon Santiago***

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to promote healthy alternatives to sugary drinks.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Kay Khan</i>	<i>11th Middlesex</i>	<i>1/16/2019</i>
<i>Jon Santiago</i>	<i>9th Suffolk</i>	<i>1/18/2019</i>
<i>Christine P. Barber</i>	<i>34th Middlesex</i>	<i>2/1/2019</i>
<i>Michael J. Barrett</i>	<i>Third Middlesex</i>	<i>1/29/2019</i>
<i>Jennifer E. Benson</i>	<i>37th Middlesex</i>	<i>1/29/2019</i>
<i>Harriette L. Chandler</i>	<i>First Worcester</i>	<i>2/1/2019</i>
<i>Sonia Chang-Diaz</i>	<i>Second Suffolk</i>	<i>2/1/2019</i>
<i>Michelle L. Ciccolo</i>	<i>15th Middlesex</i>	<i>1/28/2019</i>
<i>Daniel R. Cullinane</i>	<i>12th Suffolk</i>	<i>2/1/2019</i>
<i>Julian Cyr</i>	<i>Cape and Islands</i>	<i>2/1/2019</i>
<i>Marjorie C. Decker</i>	<i>25th Middlesex</i>	<i>1/31/2019</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	<i>2/1/2019</i>
<i>Nika C. Elugardo</i>	<i>15th Suffolk</i>	<i>1/30/2019</i>
<i>Tricia Farley-Bouvier</i>	<i>3rd Berkshire</i>	<i>2/1/2019</i>
<i>Dylan A. Fernandes</i>	<i>Barnstable, Dukes and Nantucket</i>	<i>1/24/2019</i>
<i>Michael J. Finn</i>	<i>6th Hampden</i>	<i>1/28/2019</i>
<i>Sean Garballey</i>	<i>23rd Middlesex</i>	<i>1/31/2019</i>
<i>Carmine Lawrence Gentile</i>	<i>13th Middlesex</i>	<i>1/31/2019</i>

<i>Carlos González</i>	<i>10th Hampden</i>	<i>1/30/2019</i>
<i>James K. Hawkins</i>	<i>2nd Bristol</i>	<i>1/29/2019</i>
<i>Jonathan Hecht</i>	<i>29th Middlesex</i>	<i>1/31/2019</i>
<i>Russell E. Holmes</i>	<i>6th Suffolk</i>	<i>2/1/2019</i>
<i>Daniel J. Hunt</i>	<i>13th Suffolk</i>	<i>2/1/2019</i>
<i>Patricia D. Jehlen</i>	<i>Second Middlesex</i>	<i>2/1/2019</i>
<i>Louis L. Kafka</i>	<i>8th Norfolk</i>	<i>1/28/2019</i>
<i>Patrick Joseph Kearney</i>	<i>4th Plymouth</i>	<i>2/1/2019</i>
<i>John J. Lawn, Jr.</i>	<i>10th Middlesex</i>	<i>1/30/2019</i>
<i>Jack Patrick Lewis</i>	<i>7th Middlesex</i>	<i>1/31/2019</i>
<i>Jason M. Lewis</i>	<i>Fifth Middlesex</i>	<i>1/17/2019</i>
<i>Joan B. Lovely</i>	<i>Second Essex</i>	<i>2/1/2019</i>
<i>Paul McMurtry</i>	<i>11th Norfolk</i>	<i>1/30/2019</i>
<i>Liz Miranda</i>	<i>5th Suffolk</i>	<i>1/30/2019</i>
<i>Tram T. Nguyen</i>	<i>18th Essex</i>	<i>1/29/2019</i>
<i>David M. Rogers</i>	<i>24th Middlesex</i>	<i>1/29/2019</i>
<i>Daniel J. Ryan</i>	<i>2nd Suffolk</i>	<i>1/31/2019</i>
<i>José F. Tosado</i>	<i>9th Hampden</i>	<i>1/23/2019</i>
<i>Andres X. Vargas</i>	<i>3rd Essex</i>	<i>1/31/2019</i>
<i>Tommy Vitolo</i>	<i>15th Norfolk</i>	<i>1/29/2019</i>

**HOUSE . . . . . No. 2529**

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By Representatives Khan of Newton and Santiago of Boston, a petition (accompanied by bill, House, No. 2529) of Kay Khan, Jon Santiago and others for legislation to impose an excise tax on distributors sugary drinks and promoting healthy alternatives to such drinks. Revenue.

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**The Commonwealth of Massachusetts**

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**In the One Hundred and Ninety-First General Court  
(2019-2020)**  
\_\_\_\_\_

An Act to promote healthy alternatives to sugary drinks.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. The Massachusetts General Laws, as appearing in the 2016 Official Edition,  
2 are hereby amended by inserting after chapter 64N the following new chapter:-

3 Chapter 64O. SUGARY DRINK TAX

4 Section 1. Definitions.

5 (a) For the purposes of this section, the following words shall have the following  
6 meanings:

7 (1) "Beverage for medical use" means a beverage suitable for human consumption  
8 and manufactured for use as an oral nutritional therapy for persons who cannot absorb or  
9 metabolize dietary nutrients from food or beverages, or for use as an oral rehydration electrolyte  
10 solution for infants and children formulated to prevent or treat dehydration due to illness.

11 “Beverage for medical use” shall also mean a “medical food” as defined in section 5(b)(3) of the  
12 Orphan Drug Act (21

13 U.S.C. 360ee(b)(3)); this Act defines medical food as “a food which is formulated to be  
14 consumed or administered enterally under the supervision of a physician and which is intended  
15 for the specific dietary management of a disease or condition for which distinctive nutritional  
16 requirements, based on recognized scientific principles, are established by medical evaluation.”

17 “Beverage for medical use” shall not include drinks commonly referred to as “sports drinks” or  
18 any other common names that are derivations thereof.

19 (2) “Bottle” means any closed or sealed container regardless of size or shape,  
20 including, without limitation, those made of glass, metal, paper, plastic or any other material or  
21 combination of materials.

22 (3) “Bottled sugary drink” means any sugary drink contained in a bottle that is ready  
23 for consumption without further processing such as, without limitation, dilution or carbonation.

24 (4) “Commissioner” means the commissioner of revenue and his or her authorized  
25 agents and employees.

26 (5) “Commonwealth” means the commonwealth of Massachusetts.

27 (6) “Consumer” means a person who purchases a sugary drink for consumption and  
28 not for sale to another.

29 (7) “Department” means the department of public health.

30 (8) “Distributor” means any person, including manufacturers and wholesale dealers,  
31 who receives, stores, manufactures, bottles and/or distributes bottled sugary drinks, syrups or

32 powders, for sale to retailers doing business in the commonwealth, whether or not that person  
33 also sells such products to consumers.

34 (9) "Fund" means the Children's Health Promotion Fund, established pursuant to  
35 section 5.

36 (10) "Milk" means natural liquid milk regardless of animal or plant source or butterfat  
37 content; natural milk concentrate, whether or not reconstituted; or dehydrated natural milk,  
38 whether or not reconstituted.

39 (11) "Natural fruit juice" means the original liquid resulting from the pressing of fruits,  
40 or the liquid resulting from the dilution with water of dehydrated natural fruit juice.

41 (12) "Natural vegetable juice" means the original liquid resulting from the pressing of  
42 vegetables, or the liquid resulting from the dilution with water of dehydrated natural vegetable  
43 juice.

44 (13) "Non-nutritive sweetener" means any non-nutritive substance suitable for human  
45 consumption that humans perceive as sweet and includes, without limitation, aspartame,  
46 acesulfame-K, neotame, saccharin, sucralose and stevia. "Non-nutritive sweetener" excludes  
47 sugars. For purposes of this definition, "non-nutritive" means a substance that contains fewer  
48 than 5 calories per serving.

49 (14) "Person" means any natural person, partnership, cooperative association, limited  
50 liability company, corporation, personal representative, receiver, trustee, assignee or any other  
51 legal entity.

52           (15) "Place of business" means any place where sugary drinks, syrups or powders are  
53 manufactured or received for sale in the commonwealth.

54           (16) "Powder" means any solid mixture of ingredients used in making, mixing, or  
55 compounding sugary drinks by mixing the powder with any one or more other ingredients,  
56 including without limitation water, ice, syrup, simple syrup, fruits, vegetables, fruit juice,  
57 vegetable juice, carbonation or other gas.

58           (17) "Retailer" means any person who sells or otherwise dispenses in the  
59 commonwealth a sugary drink to a consumer whether or not that person is also a distributor as  
60 defined in this section.

61           (18) "Sale" means the transfer of title or possession for valuable consideration  
62 regardless of the manner by which the transfer is completed.

63           (19) "Sugars" means any monosaccharide or disaccharide nutritive sweetener such as  
64 glucose, fructose, lactose, and sucrose. Examples include, without limitation, cane sugar, beet  
65 sugar, high-fructose corn syrup, honey, fruit juice concentrate, and other caloric sweeteners. For  
66 purposes of this definition, "nutritive" means a substance that contains 5 or more calories per  
67 serving.

68           (20) "Sugary drink" means any nonalcoholic beverage, carbonated or noncarbonated,  
69 which is intended for human consumption and contains any added sugars. As used in this  
70 definition, "nonalcoholic beverage" means any beverage that contains less than one-half of one  
71 percent alcohol per volume.

72 (21) "Syrup" means a liquid mixture of ingredients used in making, mixing, or  
73 compounding sugary drinks using one or more other ingredients including, without limitation,  
74 water, ice, a powder, simple syrup, fruits, vegetables, fruit juice, vegetable juice, carbonation or  
75 other gas.

76 (22) "Water", means no-calorie liquid water, which is either non-flavored or flavored  
77 without the use of sugars. "Water" may be carbonated (including club soda and seltzer), still,  
78 distilled and/or purified.

79 Section 2. Tax imposed.

80 (a) There is hereby imposed an excise tax on every distributor for the privilege of  
81 selling the products governed by this chapter in the commonwealth, calculated as follows:

82 (1) The tax shall be calculated using the following tiered system.

83 (i.) Beverages with 7.5 grams of sugars or less per 12 fluid ounces will not be taxed.

84 (ii.) Beverages with more than 7.5 grams but less than 30 grams of sugars per 12 fluid  
85 ounces will be taxed at a rate of \$0.01 per ounce.

86 (iii.) Beverages with 30 grams of sugars or more per 12 fluid ounces will be taxed at a  
87 rate of

88 \$0.02 per ounce.

89 (2) Syrups and powders sold or offered for sale to a retailer for sale in the State to a  
90 consumer, either as syrup or powder or as a sugary drink derived from that syrup or powder, are  
91 taxable. Syrups and powders shall be taxed using the following tiered system:

92 (i.) If the beverages made from the syrup or powder have 7.5 grams of sugars or less per  
93 12 fluid ounces, the syrup or powder will not be taxed.

94 (ii.) If the beverages made from the syrup or powder have more than 7.5 grams but less  
95 than 30 grams of sugars per 12 fluid ounces, the syrup or powder will be taxed at a rate equal to  
96 \$0.01 per ounce of sugary drink produced from that syrup or powder.

97 (iii.) If the beverages made from the syrup or powder have 30 grams of sugars or more  
98 per 12 fluid ounces, the syrup or powder will be taxed at a rate equal to \$0.02 per ounce of  
99 sugary drink produced from that syrup or powder.

100 For purposes of calculating the tax, the volume of sugary drink produced from syrups or  
101 powders shall be the larger of (i) the largest volume resulting from use of the syrups or powders  
102 according to any manufacturer's instructions, or (ii) the volume actually produced by the retailer,  
103 as reasonably determined by the commissioner;

104 (3) The Nutrition Facts product label, as required by the Food and Drug  
105 Administration, shall be used to determine the amount of sugars per 12 ounces of sugary drink  
106 by referencing the "Serving Size" and "Sugars" or "Total Sugars" lines on the label.

107 (4) The tax amounts set forth in this section shall be adjusted annually by the  
108 commissioner in proportion with the Consumer Price Index: All Urban Consumers for All Items  
109 for the Northeast Region Statistical Area as reported by the United States Bureau of Labor  
110 Statistics or any successor to that index.

111 (5) Manufacturers, bottlers, wholesalers or distributors shall add the amount of the  
112 tax imposed by this section to the retail price of sugary drinks.

113           (b)     A retailer who sells bottled sugary drinks, syrups, or powders in the  
114     commonwealth to a consumer, on which the tax imposed by this section has not been paid by a  
115     distributor, is liable for the tax imposed in subsection (a) at the point of sale to a consumer.

116           (c)     The taxes imposed by this section are in addition to any other taxes that may  
117     apply to persons or products subject to this chapter.

118           Section 3. Report of Sales and Tax Remittances.

119           Any distributor or retailer liable for the tax imposed by this chapter shall, on or before the  
120     last day of March, June, October, and December of each year, return to the commissioner under  
121     oath of a person with legal authority to bind the distributor or retailer, a statement containing his  
122     or her name and place of business, the quantity of sugary drinks, syrups and powders subject to  
123     the excise tax imposed by this chapter sold or offered for sale in the 3 months immediately  
124     preceding the month in which the report is due, and any other information required by the  
125     commissioner, along with the tax due.

126           Section 4. Records of Distributors

127           Every distributor, and every retailer subject to this chapter, shall maintain for not less  
128     than 2 years accurate records, showing all transactions that gave rise, or may have given rise, to  
129     tax liability under this chapter. Such records are subject to inspection by the commissioner at all  
130     reasonable times during normal business hours.

131           Section 5. Exemptions.

132           (a)     The following shall be exempt from the tax imposed by this chapter:

133 (1) Bottled sugary drinks, syrups, and powders sold to the United States Government  
134 and American Indian Tribal Governments;

135 (2) Bottled sugary drinks, syrups, and powders sold by a distributor to another  
136 distributor that holds a permit issued pursuant to this chapter if the sales invoice clearly indicates  
137 that the sale is exempt. If the sale is to a person who is both a distributor and a retailer, the sale  
138 shall also be tax exempt and the tax shall be paid when the purchasing distributor or retailer  
139 resells the product to a retailer or a consumer. This exemption does not apply to any other sale to  
140 a retailer;

141 (3) Beverages sweetened solely with non-nutritive sweeteners;

142 (4) Beverages consisting of 100 per cent natural fruit or vegetable juice with no  
143 added sugars;

144 (5) Beverages in which milk, or soy, rice or similar milk substitute, is the primary  
145 ingredient or the first listed ingredient on the label of the beverage;

146 (6) Coffee or tea without added sugars;

147 (7) Infant formula;

148 (8) Beverages for medical use;

149 (9) Water without added sugars.

150 Section 6. Unpaid Taxes and Debt.

151 All taxes imposed under the provisions of this chapter remaining due and unpaid shall  
152 constitute a debt to the commonwealth, which may be collected from the person owing same by  
153 suit or otherwise.

154 Section 7. Records of commissioner.

155 At the end of each month, the auditor of the commonwealth shall carefully check the  
156 books and records of the commissioner and his accounts with any bank or banks, and shall verify  
157 the amounts collected pursuant to this chapter and paid into the Children's Health Promotion  
158 Fund. Any duty herein required of the auditor of the commonwealth may be performed by any  
159 duly trained clerk in his office, designated by the auditor of the commonwealth for that purpose.

160 Section 8. Exercise of Powers and Duties.

161 Whenever in this chapter any reference is made to any power or duty of the  
162 commissioner, the reference is construed to mean that the power or duty shall be exercised by the  
163 commissioner, under the supervision and direction of the commissioner.

164 Section 9. Rules and Regulations.

165 The commissioner is hereby empowered to make such rules and regulations, and provide  
166 such procedural measures, in cooperation with the auditor of the commonwealth, as may be  
167 reasonably necessary to accomplish the purposes of this chapter.

168 Section 10. Severability.

169 If any provision of this chapter, any rule or regulation made under this chapter, or the  
170 application of this chapter to any person or circumstance is held invalid by any court of  
171 competent jurisdiction, the remainder of the chapter, rule, or regulation, and the application of

172 the provision to other persons or circumstances shall not be affected. The invalidity of any  
173 section or sections or parts of any section of this chapter shall not affect the validity of the  
174 remainder of the chapter.

175 SECTION 2. The Massachusetts General Laws, as appearing in the 2016 Official Edition,  
176 are hereby amended by inserting after Section 2I of Chapter 111 the following new chapter:-

177 Section 2J. CHILDRENS HEALTH PROMOTION FUND

178 (a) There shall be established and set up on the books of the commonwealth a  
179 separate fund to be known as the Children’s Health Promotion Fund. The department of public  
180 health shall administer

181 the fund. The fund shall consist of revenues from the commonwealth generated by the  
182 tax imposed by Chapter 64O, section 2. The fund shall be expended first for the implementation,  
183 administration, and enforcement of Chapter 64O. Unexpended balances shall be allocated in a  
184 proportion to be determined by the department of public health. Qualifying programs funded  
185 under Chapter 64O shall include but not be limited to

186 (i.) Expansion of Mass in Motion as funded in item 4513-1111 of section 2 of chapter  
187 133 of the acts of 2016.

188 (ii.) Expansion of the Prevention and Wellness Trust Fund established in section 2G of  
189 chapter

190 111.

191 (iii.) A municipal grant program for the fluoridation of public water supplies.

192 (iv.) Funding for the department of early education and care to support and promote  
193 nutrition programs for preschools, nursery schools, and child care facilities serving low-income  
194 communities.

195 (v.) Development and promotion of educational materials with the intent of educating  
196 citizens about the health effects of consuming sugary drinks and to promote the consumption of  
197 tap water.

198 (vi.) A municipal grant program for the creation and improvement of water fountains,  
199 improvement of water quality, and increasing water access in schools and municipal parks and  
200 facilities.

201 (vii.) Other evidence-based methods of improving children's health and wellness.