



General Assembly

January Session, 2025

Raised Bill No. 7273

LCO No. 7005



Referred to Committee on FINANCE, REVENUE AND BONDING

Introduced by:
(FIN)

AN ACT IMPOSING A TAX ON CERTAIN SWEETENED BEVERAGES, SYRUPS AND POWDERS AND DEDICATING THE REVENUE GENERATED TO A UNIVERSAL FREE SCHOOL MEALS PROGRAM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section:
- 2 (1) "Distributor" means any person that receives, stores,
3 manufactures or distributes sweetened beverages, syrups or powders,
4 for sale to retailers doing business in the state;
- 5 (2) "Fruit juice" means the original liquid resulting from the pressing
6 of fruits or the liquid resulting from the dilution with water of
7 dehydrated fruit juice;
- 8 (3) "Medical beverage" means any (A) medical food, as defined in 21
9 USC 360ee, as amended from time to time, (B) product in liquid form
10 that is (i) designed as oral nutrition therapy for individuals who may
11 have a limited ability to absorb or metabolize dietary nutrients from
12 traditional food or beverages, or (ii) an oral rehydration electrolyte

13 solution to prevent or treat dehydration, and (C) product sold in liquid
14 form that is designed as supplemental, meal replacement or sole-source
15 nutrition and includes proteins, carbohydrates and multiple vitamins
16 and minerals;

17 (4) "Milk-based beverage" means any nonalcoholic beverage that
18 contains at least fifty per cent dairy ingredients by volume, including
19 milk, cream, yogurt, kefir or other dairy-derived products, regardless of
20 butterfat content or added sugar, nonnutritive sweetener or other
21 flavoring. "Milk-based beverage" includes dairy creamer, milk
22 concentrate, whether or not reconstituted, and powdered milk, whether
23 or not reconstituted. "Milk-based beverage" does not include nondairy
24 milk alternatives or nondairy creamers;

25 (5) "Nonalcoholic beverage" means any beverage that contains less
26 than one-half of one per cent alcohol by volume;

27 (6) "Nonnutritive sweetener" means any substance suitable for
28 human consumption that humans perceive as sweet and contains fewer
29 than five calories per serving, such as aspartame, acesulfame potassium,
30 neotame, saccharin, sucralose and stevia;

31 (7) "Person" means any individual, partnership, corporation, limited
32 liability company, association, personal representative, receiver, trustee,
33 assignee or other legal entity;

34 (8) "Powder" means a dry mixture of ingredients used to make, mix
35 or compound sweetened beverages by combining such mixture with
36 one or more ingredients such as water, ice, syrup, simple syrup, fruits,
37 vegetables, fruit juice, vegetable juice or carbonation or other gas;

38 (9) "Retailer" means any person that sells or otherwise dispenses
39 sweetened beverages to consumers in the state;

40 (10) "Sugar" means any monosaccharide or disaccharide sweetener
41 that contains five or more calories per serving, such as cane sugar, beet

42 sugar, glucose, fructose, lactose, sucrose, high-fructose corn syrup,
43 honey and fruit juice concentrate;

44 (11) "Sweetened beverage" means any carbonated or noncarbonated
45 beverage that is intended for human consumption and contains any
46 added sugar or nonnutritive sweetener. "Sweetened beverage" does not
47 include (A) any beverage that is one hundred per cent fruit juice, one
48 hundred per cent vegetable juice or a combination thereof, (B) any milk-
49 based beverage, (C) water, (D) infant formula, or (E) any medical
50 beverage;

51 (12) "Syrup" means a liquid mixture of ingredients used to make, mix
52 or compound sweetened beverages by combining such mixture with
53 one or more ingredients such as water, ice, powder, simple syrup, fruits,
54 vegetables, fruit juice, vegetable juice or carbonation or other gas, and
55 includes such mixtures sold in a frozen state;

56 (13) "Vegetable juice" means the original liquid resulting from the
57 pressing of vegetables or the liquid resulting from the dilution with
58 water of dehydrated vegetable juice; and

59 (14) "Water" means carbonated or noncarbonated liquid water that is
60 unflavored or is flavored without the use of sugars or nonnutritive
61 sweeteners.

62 (b) (1) Commencing October 1, 2025, each distributor shall pay a tax
63 on sweetened beverages, syrups and powders sold to a retailer for sale
64 in the state of (A) two cents per fluid ounce of sweetened beverages, and
65 (B) for syrups and powders intended for commercial or institutional use,
66 two cents per fluid ounce of sweetened beverages that can be produced
67 from each container of syrup or powder, however packaged, calculated
68 as the largest volume of sweetened beverage resulting from the use of
69 such container of syrup or powder in accordance with the
70 manufacturer's instructions. Any sweetened beverages, syrups and
71 powders subject to the tax shall be taxed only once under this section.

72 (2) The tax imposed by this section shall not apply to:

73 (A) Sales of sweetened beverages, syrups or powders by a distributor
74 to (i) the state or a political subdivision thereof, (ii) the federal
75 government, (iii) a tribal government, (iv) a retailer expressly for resale
76 or consumption outside the state, (v) another distributor, provided the
77 sales invoice clearly indicates the sale is to another distributor, or (vi) a
78 person that is both a distributor and a retailer, provided such person
79 shall pay such tax upon the resale of such product to a retailer or a
80 consumer; or

81 (B) Sales of syrups and powders packaged to be used by a consumer
82 for personal use.

83 (c) On or before the last day of the month following each monthly
84 period, each distributor shall file a return with the Department of
85 Revenue Services. Such return shall be in such form and contain such
86 information as the Commissioner of Revenue Services prescribes as
87 necessary for the administration of the tax under this section and shall
88 be accompanied by a payment of the amount of tax shown to be due
89 thereon. Each distributor shall file such return electronically with the
90 department and make such payment by electronic funds transfer in the
91 manner provided by chapter 228g of the general statutes.

92 (d) The commissioner shall deposit the amounts received by the state
93 from the tax imposed by subsection (b) of this section in the universal
94 free school meals account established under section 2 of this act.

95 (e) The provisions of sections 12-547 to 12-554, inclusive, of the
96 general statutes and section 12-555a of the general statutes shall apply
97 to the provisions of this section in the same manner and with the same
98 force and effect as if the language of said sections had been incorporated
99 in full into this section and had expressly referred to the tax under this
100 section, except to the extent that any such provision is inconsistent with
101 a provision of this section.

102 (f) The Commissioner of Revenue Services may adopt regulations, in
103 accordance with the provisions of chapter 54 of the general statutes, to
104 implement the provisions of this section and may make rulings, not
105 inconsistent with law, to carry into effect the provisions of this section,
106 which regulations or rulings, when reasonably designed to carry out the
107 intent and purposes of this section, shall be prima facie evidence of its
108 proper interpretation.

109 (g) At the end of each fiscal year commencing with the fiscal year
110 ending on June 30, 2026, the Comptroller is authorized to record as
111 revenue for such fiscal year the amount of tax imposed under the
112 provisions of this section on all sweetened beverages, syrups and
113 powders sold prior to the end of such fiscal year and which tax is
114 received by the Commissioner of Revenue Services not later than five
115 business days after the last day of July immediately following the end
116 of such fiscal year.

117 (h) (1) The Commissioner of Revenue Services shall enter into a
118 contract with academic researchers who have a proven track record of
119 rigorous policy evaluation for impacts on behavior, health and
120 economic outcomes, to evaluate the effects of the tax imposed by
121 subsection (b) of this section, for at least the first five years after the
122 reimbursement grants under section 2 of this act are first disbursed.
123 Such evaluation shall assess, but need not be limited to, the following:

124 (A) The process of implementing the tax, including the perceptions
125 of residents and specifically low-income households as determined by
126 the researchers, distributors, retailers and the Department of Revenue
127 Services and other state officials as determined by the researchers;

128 (B) The impact of the tax on economic outcomes, including household
129 food expenditures, beverage prices and sales, jobs in the state and
130 retailer revenues;

131 (C) The impact of the tax on health outcomes, including dietary
132 purchases and consumption; and

133 (D) How the tax revenue is being used and the impact of such
134 funding.

135 (2) The researchers shall submit such evaluation to the commissioner
136 for the first, third and fifth year after the reimbursement grants under
137 section 2 of this act are first disbursed. The commissioner shall submit
138 such evaluation to the joint standing committees of the General
139 Assembly having cognizance of matters relating to finance, revenue and
140 bonding, education and public health and shall post such evaluation on
141 the Department of Revenue Services' Internet web site.

142 Sec. 2. (NEW) (*Effective from passage*) (a) (1) The Commissioner of
143 Education shall establish, for school years commencing on and after July
144 1, 2026, a universal free school meals program to provide
145 reimbursement grants from the universal free school meals account
146 established under this section to local and regional boards of education,
147 to assist public schools to provide free breakfasts and lunches to all
148 public school students. Funds from the account shall be allocated on a
149 per-meal reimbursement rate determined by the commissioner,
150 adjusted annually to reflect changes in food service costs.

151 (2) (A) Not later than February 1, 2026, the commissioner shall
152 establish guidelines for the program, the form and manner by which
153 local and regional boards of education may request reimbursement
154 under the program, the information required to substantiate such
155 requests and any other provisions the commissioner deems necessary to
156 implement the program. Not later than March 1, 2026, the commissioner
157 shall post information concerning the program on the Department of
158 Education's Internet web site and notify all local and regional boards of
159 education of such posting.

160 (B) The department shall (i) provide training and offer technical
161 assistance to local and regional boards of education to effectively
162 implement the program, and (ii) conduct public awareness campaigns
163 to inform public school students, families and staff about the program.

164 (3) Local and regional boards of education may not request
165 reimbursement for school breakfasts and lunches for which funding is
166 or will be provided through the National School Lunch Program, the
167 School Breakfast Program or any other similar program.

168 (4) If the total amount of the reimbursements requested for any school
169 year exceeds the amount available for disbursement through the
170 universal free school meals program, the commissioner shall reduce the
171 amount of the reimbursement grant payable to each eligible local and
172 regional board of education proportionately.

173 (b) There is established an account to be known as the "universal free
174 school meals account", which shall be a separate, nonlapsing account.
175 The account shall contain any moneys required by law to be deposited
176 in the account. Moneys in the account shall be expended by the
177 Department of Education for the sole purpose of providing
178 reimbursement grants to local and regional boards of education
179 pursuant to subsection (a) of this section.

180 (c) The commissioner may adopt regulations, in accordance with the
181 provisions of chapter 54 of the general statutes, to implement the
182 provisions of this section.

183 (d) Not later than November 1, 2027, and annually thereafter, the
184 Commissioners of Education and Revenue Services shall jointly submit
185 a report, in accordance with the provisions of section 11-4a of the general
186 statutes, to the joint standing committees of the General Assembly
187 having cognizance of matters relating to education, finance, revenue
188 and bonding and public health. Such report shall include information
189 for the preceding fiscal year concerning (1) the amounts received by the
190 state from the tax imposed by section 1 of this act, (2) the total amount
191 of the reimbursement grants disbursed under this section, (3) the
192 specific boards of education to which such grants were disbursed and
193 the total amount each such board was provided, (4) for each such board,
194 the number of meals reimbursed through each grant, and (5) any other

195 information the commissioners deem relevant to the evaluation of the
196 effectiveness of such tax in providing free breakfasts and lunches to
197 public school students. Said commissioners shall post such report on
198 each department's Internet web site.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>from passage</i>	New section
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Sec. 2	<i>from passage</i>	New section
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Statement of Purpose:

To impose a tax on certain sweetened beverages, syrups and powders and dedicate the revenue generated to a universal free school meals program to reimburse local and regional boards of education for the provision of free school breakfasts and lunches to all public school students.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]