

February 26, 2015

Dear Valued Customer:

Last November, the City of Berkeley voted to impose a general tax on the distribution of "Sugar-Sweetened Beverage Products". The tax rate is \$0.01 per finished fluid ounce and is effective with distribution to retailers operating in Berkeley beginning March 1, 2015. Per the law, it is the distributors selling the products into the City of Berkeley that have the obligation to collect and pay the tax to the city.

### **Products**

This general tax is applicable to products such as sodas, energy drinks, heavily pre-sweetened teas, and any juice drink that is not 100% real juice. Exemptions have been made for infant formula, milk products, and 100% real vegetable or fruit juices.

Included with this letter is a listing of all beverages that BiRite has sold in the City of Berkeley in the past four months that are subject to this new tax. This list is not all inclusive, and we suggest you please consult with your BiRite sales representative with questions or suggestions on other beverage products that we carry.

### **Tax Rates and Collection**

The tax rate is \$0.01 per fluid ounce sold. The tax rate on cases of bag in the box syrup used for fountain sodas is to be calculated on finished product (post mixing). For example, a case of 5 gallon bag in box Classic Coca Cola syrup yields 3,680 fluid ounces so will have a tax rate per case of \$36.80. We have included the complete listing of bag in box Coca Cola products with their final yield and tax rates for your reference.

At this time, BiRite does not have the capability to include an item by item tax charge on your regular product invoice. Until we have the capability to charge the tax by item in a very transparent manner, we have chosen to bill our customers in Berkeley on a semi-monthly basis. On the 15 March, we will issue invoices to all of our Berkeley customers for their Sugar Sweetened Beverage tax accrued for the first fifteen days of March. With the invoice we will include a product by product tracking report so you can properly audit your new tax bill. We will do the same at the end of the month. We will continue charging the tax in this manner until proper invoice formatting is complete.

### **Exemptions**

The City of Berkeley has included a few exemptions from the tax. We have included the entire ordinance for your review and if you feel you qualify for one of the exemptions, please contact your BiRite sales representative.



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We apologize for the late notice and for the inconvenience that it has caused. We encourage all of our Berkeley customers to voice their opinions and concerns about the Berkeley Sugar Sweetened Beverage Tax to the City Manager: [manager@cityofberkeley.info](mailto:manager@cityofberkeley.info)

The tax is Chapter 7.72 of the Berkeley Municipal Code and can be found at:  
<http://codepublishing.com/ca/berkeley>

Please also feel free to contact our offices with your questions or concerns.

Thank you for your continued business and support.

Sincerely,

Aaron Barulich

General Manager

[abarulich@birate.com](mailto:abarulich@birate.com)

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