

**HEALTHY DINE NATION
JUNK FOOD TAX STATUTE**

Table of Contents

Section	Page
1001. SHORT TITLE	2
1002. PURPOSE	2
1003. TAX IMPOSED	2
1004. LEGAL INCIDENCE AND RESPONSIBILITY FOR PAYMENT	2
1005. RATE OF TAX	2
1006. ADMINISTRATION	2
1007. DEFINITIONS	2
1008. NAVAJO NATION GOVERNMENT	3
1009. RESERVED	3
1010. CREDITS	3
1011. RESERVED	4
1012. FILING OF RETURN	4
1013. PAYMENT OF TAX	4
1014. RECORDKEEPING	4
1015. RESERVED	4
1016. RESERVED	4
1017. RESERVED	4
1018. RESERVED	4
1019. RESERVED	4
1020. ALLOCATION OF REVENUE	4
1021. NO CONFLICT WITH LOCAL GOVERNANCE ACT	5
1022. SEVERABILITY	5
1023. EFFECTIVE DATE	5
1024. REPEALS	5

1001. **SHORT TITLE**

The tax imposed by this Chapter shall be called the "Junk Food Tax."

1002. **PURPOSE**

The Navajo Nation Council hereby enacts this tax for the privilege of engaging in retail business activity within the Navajo Nation, and for purposes of defraying necessary governmental expenses at the national and local level incurred in providing for the public welfare.

1003. **TAX IMPOSED**

A tax is hereby imposed on the gross receipts of a retail business. The tax due for a period is determined by first calculating applicable gross receipts junk food items for a period, and then multiplying those gross receipts junk food items by the applicable tax rate.

1004. **LEGAL INCIDENCE AND RESPONSIBILITY FOR PAYMENT**

The person liable for the payment of the tax imposed by this Chapter is the person receiving the gross receipts from a junk food sale.

1005. **RATE OF TAX**

A. The tax imposed by this Chapter is imposed at a rate of not less than two percent (2%), nor more than six percent (6%), which shall be specifically established by regulations promulgated by the Navajo Tax Commission. Until a rate is established, the rate shall be two percent (2%) of the applicable junk food sales from all retail sales (.02 x applicable junk food sales).

1006. **ADMINISTRATION**

All provisions of the Uniform Tax Administration Statute apply to this Chapter.

1007. **DEFINITIONS**

Subject to additional definitions (if any) contained in the subsequent sections of this Chapter, and unless the context otherwise requires, in this Chapter:

A. "Community Wellness Projects" means Navajo Nation Chapter projects to address improvements to the physical and social environment of the community because of the need to prevent and/or reduce the incidence of obesity and Type 2 Diabetes Mellitus. Projects may include community parks, playgrounds, basketball courts, walking/running/biking trails, picnic grounds, community gardens, farmers' markets, wellness centers, intergenerational and traditional wellness classes, traditional food preparation classes, and community food cooperatives with food processing and storage facilities.

B. "Fresh fruits and fresh vegetables" means produce in fresh form generally considered as perishable fruits and vegetables, whether or not packed in ice or held in common or cold storage.

C. "Junk Food" means sweetened beverages and prepackaged and non-prepackaged snacks low in essential nutrients and high in salt, fat, and sugar including snack chips, candy, cookies, and pastries; 250 milligrams from sodium, greater than 35 percent of calories grams from sugar and fat (excluding nuts, nutbutters, and seed.)

i. "Sweetened beverage" means a beverage, whether carbonated or noncarbonated, sold for human consumption, that contains five grams or more of added sugar or other sweetener including artificial sweetener per twelve ounces. It shall include: soda, flavored water, sports drinks, energy drinks, colas and flavored drinks: diluted fruit or vegetable drinks containing seventy percent or less of natural fruit juice of natural vegetable

juice; frozen, freeze-dried or other concentrates to which water is added to produce a beverage containing less than seventy percent natural fruit juice or natural vegetable juice; a powder or base product; and bottled coffee or tea as a liquid for sale.

- ii. "Sugar" includes sucrose, dextrose, fructose, corn syrup, high-fructose corn syrup or other processed caloric sweeteners, except those derived from fruit juice,
- iii. "Sweetener" includes artificial sweetener, which includes aspartame and saccharin.
- iv. "Natural fruit juice" means the original liquid resulting from the pressing of fruit, the liquid resulting from the reconstitution of fruit juice concentrate of the liquid resulting from the restoration of fruit concentrate or the liquid resulting from the restoration of water to dehydrated fruit juice.
- v. "Natural vegetable juice" means the original liquid resulting from the pressing of one or more vegetables, liquid resulting from the reconstitution of vegetable juice concentrate or the liquid resulting from the restoration of water to dehydrated vegetable juice.
- vi. "Powder or base product" means a solid mixture of basic ingredients, including sugar, used in making, mixing or compounding soft drinks by mixing the powder of other base product with water, ice syrup, simple syrup, fruits, vegetables, fruit juice, vegetable juice or any other product suitable to make a sweetened beverage.
- vii. "Corn syrup" means syrup made from cornstarch, consisting of dextrose, maltose, and dextrans.
- viii. "Candy" means snacks prepared of sugar, honey, salt, fat, other natural or artificial sweeteners in combination with chocolate, dried fruits, nuts, white flour, or other ingredients or flavorings in the form of bars, drops, or pieces.
- ix. "Snack Chips/Crisps" (sodium and fat) means crispy type snack foods that are often fried such as potato chips, tortilla chips, or cheese puffs that are high in sodium and fat: more than 250 mg of sodium and greater than 35 percent of total calories from fat per 1 ounce serving.
- x. "Baked Goods" means baked or fried dough/batter products such as cakes, cookies, and pastries that are high in fat and or sugar; 35 percent of calories from sugar and/or fat per serving.

1008. **NAVAJO NATION GOVERNMENT**

- A. Sales by corporations owned by the Navajo Nation government or any political subdivision thereof shall be fully subject to the tax imposed by this Chapter.
- B. Sales by the government of the Navajo Nation, or political subdivisions or enterprises thereof, shall be subject to the tax imposed by this Chapter.

1009. **RESERVED**

1010. **CREDITS**

A person may take a credit against the tax imposed by this Chapter for taxes paid pursuant to any nondiscriminatory excise tax imposed by any duly established township or local government subunit, provided that revenues from such excise tax are utilized to provide essential governmental services.

1011. **RESERVED**

1012. **FILING OF RETURN**

- A. Each person must file a return indicating all sales from applicable gross receipts and the tax due under this Chapter for each period by the fifteenth day of the second month after the end of each calendar quarter. Returns are due on May 15, August 15, November 15, and February 15 of each calendar year.
- B. The Commission may by form or regulation require that other information, records or relevant documents which it deems necessary for the proper and efficient administration of this Chapter be included with the return, and that the return be signed by a specified person.
- C. No return need be filed by any person who is exempt under § 609, provided that the Office of the Navajo Tax Commission may require such person to file the information necessary to establish its exempt status.
- D. In the case of the exemption provided for in § 609(A), the filing by a person of a proper certificate of exemption with the Office of the Navajo Tax Commission shall constitute a claim for exemption.

1013. **PAYMENT OF TAX**

Payment in full of the taxes owed for a particular period is due on the same date that the completed return for that same period is due. The Office of the Navajo Tax Commission, however, may require payment of any taxes due on a monthly basis.

1014. **RECORDKEEPING**

- A. Each person shall keep all records which pertain to or relate in any manner to all sales from any business activity engaged in at any time by such person. Such records shall be maintained separately for each reporting period during which a person is engaged in business activity.
- B. Records required to be kept must be preserved for four years beyond the end of the period to which the records relate.

1015. **RESERVED**

1016. **RESERVED**

1017. **RESERVED**

1018. **RESERVED**

1019. **RESERVED**

1020. **ALLOCATION OF REVENUE**

After allocation to permanent or special revenue funds as required by Navajo Nation law, and allocation to the Tax Administration Suspense Fund as required by the fiscal policy adopted by the Navajo Tax Commission for such Fund, the net revenue from this Chapter shall be disbursed as follows:

- A. One hundred percent (100%) of the Junk Food Sales Tax revenue collected from retail establishments located in the Navajo Nation shall be deposited into the Community Wellness Development Projects Fund to be appropriated pursuant to a fund management plan approved by the Budget and Finance Committee and administered by the Division of Community Development. The Division shall disburse the funds to the chapters to be used for Community Wellness Projects.

1021. **NO CONFLICT WITH LOCAL GOVERNANCE ACT**

The provisions of this Chapter and corresponding regulations shall not be construed inconsistently with the Local Governance Act, 26 N.N.C. §§1 – 2008.

1022. **SEVERABILITY**

If any provision of this Chapter, as amended, or its application to any person or circumstance, is held invalid by a final judgment of a court of competent jurisdiction, the invalidity shall not affect other provisions or applications of the Chapter which can be given effect without the invalid provision or application, and to this end, the provisions of this Chapter are severable.

1023. **EFFECTIVE DATE**

This Chapter shall take effect in accordance with 2 N.N.C. § 1005.

1024. **REPEALS**

All laws or parts of laws (or attachments thereto) which are inconsistent with the provisions of this Chapter are hereby repealed, including, without limitation, any law purporting to waive any right of taxation by the Navajo Nation.