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February 26, 1997

Ms. [S]
Tax Section Supervisor
[S]
P.O. Box XXXXX
---, AZ XXXXX-XXXX

RE: SY -- XX-XXXXXX
Sports Drinks

Dear Ms. [S]:

I am responding to your letter to Assistant Chief Counsel Gary J. Jugum dated January 13, 1997, requesting advice as to the application of sales and use tax to sales of so-called "sports drinks," such as Gatorade, Powerburst, Exceed, etc., which are not carbonated. We have recently determined such items qualify as "food products" the sales of which are exempt from tax under Regulation 1602(a)(1).

Sincerely,

John L. Waid
Senior Tax Counsel

JLW:sr

cc: Out-of-State District Administrator