

Sugary drink consumption poses health risks.

Sugary drinks are the single leading source of added sugars in the American diet¹ and are associated with an increased risk of chronic diseases such as type 2 diabetes,² heart disease, stroke, tooth decay and even certain cancers.³

Consuming sugary drinks—fruit drinks with added sugar, sports drinks, energy drinks and soda—poses a real health risk to our kids.

The American Heart Association recommends that children over the age of 2 have no more than one 8-ounce sugary drink a week.³ Yet children today are consuming as much as ten times that amount,⁴ while children in low-income families consume two-and-a-half times more than their peers in higher-income families.⁵

Costs to treat obesity and related conditions are estimated to be \$147 Billion (2008 dollars).⁴ Diabetes alone accounts for approximately \$245 billion in medical costs and lost productivity annually.⁶

Here in [state/
county/city],
obesity/diabetes/
heart disease rates
are X/Y/Z.

Sugary drink taxes offer a path to improved health and increased revenue.

A growing number of diverse places across the country have adopted sugary drink taxes—including San Francisco, Oakland, Albany, and Berkeley, California; Philadelphia, Pennsylvania; Boulder, Colorado; Seattle, Washington; and Navajo Nation.

- ▶ Berkeley's sugary drink tax took effect in 2015. Between January 2015 and March 2016, the tax generated \$1.5 million, most of which was directed to the city school district and community groups for nutrition, gardening, cooking, and other health-related programs.⁷
- ▶ Philadelphia's sugary drink tax took effect in 2017. The \$91 million in anticipated annual revenue will be directed to pre-k expansion, school construction, park and recreation facility upgrades, library improvements, and the city pension fund.⁸ The city immediately increased pre-K enrollment by 2,000 students in communities most in need the first month the tax was implemented.⁹
- ▶ The other approved sugary drink taxes, which will take effect later in 2017 or 2018, will be directed toward a variety of healthy eating, physical activity, nutrition education, public health, and public safety programs, among others.

Early research shows that these taxes are effective at reducing sugary drink consumption—in Berkeley, CA, for example, a recent study found that sugary drink consumption in Berkeley dropped by 21 percent in low-income neighborhoods during the first four months of implementation, while water consumption increased by 63 percent compared to similar cities without the tax.¹⁰

In Mexico, a one peso per liter sugary drink tax was implemented in 2014. A 2017 study examining the changes in purchase of taxed and untaxed beverages over the first two years of the tax, found a 5.5% decline in sugary drink purchases in 2014 and a 9.7% decline in 2015, yielding an average reduction of 7.6% over the two-year period. The study also found that households at the lowest income level had the largest decreases in purchases of taxed beverages in both years. Purchases of untaxed drinks such as bottled water increased 2.1% during the study period.¹¹

Sugary Drink Tax Implementation Dates

Berkeley, CA

January 1, 2015

Philadelphia, PA

January 1, 2017

Cook County, IL*

August 2, 2017

Oakland, CA

July 1, 2017

Boulder, CO

July 1, 2017

Albany, CA

April 1, 2017

San Francisco, CA

January 1, 2018

Seattle, WA

January 1, 2018

*Cook County commissioners voted to repeal the tax in October 2017 with an effective date of 12/1/17.

A new model for sugary drinks taxes has emerged: taxing by sugar content.

All of the sugary drink taxes enacted to date in the U.S. have been based on volume, which means that drinks are taxed at the same rate regardless of sugar content—even though the sugar content in these drinks can vary widely.

A 2016 Urban Institute report revealed that a different type of sugary drink tax structure could be even more effective: a sugary drink tax based on the amount of sugar a drink contains.

Under this structure, a drink with more added sugars would have a higher per ounce tax than a drink with less added sugars.

For example, a 2014 study from the Rudd Center for Food Policy & Obesity reported that an 8-ounce serving of a fruit drink can contain anywhere from 1 gram to 57 grams of added sugar.¹² A tax based on sugar content would affect those beverages differently, whereas a tax based on drink size would treat them the same way.

Sugar Content of Sugar-Sweetened Beverages, 2014 Grams per eight-ounce serving

	Minimum	Maximum	Mean
Regular soda	8	48	29
Fruit drinks	1	57	22
Sports drinks	5	14	12
Ready-to-drink tea	5	28	15
Energy drinks	1	33	19
Flavored water	4	13	10
Ready-to-drink coffee	2	28	16

Source: Rudd Center for Food Policy and Obesity, 2014, *Sugary Drink FACTS 2014*; authors' calculations



*Per 12 ounces.

**The second tier may be divided into two separate tiers (7.5 to <15 and 15 to <30) for a total of four tiers.

The American Heart Association recommends three or four tiers: drinks with little or no added sugars not taxed at all, drinks with moderate amounts of added sugars subject to smaller tax rates, and drinks with a lot of added sugars subject to a higher tax rate.

This is an excise tax levied at the distributor level. Consumers will see the price difference of each drink on the shelf, where they make the decision on what to purchase.

There are many benefits to taxing drinks based on sugar content:

- ▶ In 2016, the Urban Institute estimated that a tax based on sugar content could reduce overall sugar consumption by 25 percent.¹³
- ▶ Cities and states can encourage healthier choices by placing greater taxes on high-sugar beverages and lower taxes on lower-sugar beverages.
- ▶ The beverage industry will have incentive to make healthier drinks, which could result in healthier options on the store shelf.
- ▶ Consumers will have more choices at different price points. They can choose drinks with less added sugar at a lower price.
- ▶ A more significant decline in sugary drink consumption may yield a greater reduction in the risk of developing chronic diseases like heart disease and type 2 diabetes over time—helping people live longer and healthier lives, reducing health care costs for families and businesses, and strengthening state and local economies.

Sources

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