Sugar-Sweetened Beverage Tax:

A Health Positive Revenue Option

Revenue solutions to the COVID-19 pandemic fiscal crisis must acknowledge that this is a public health crisis and reflect a health across all policies approach. The state should adopt as a guiding principle, that any new revenue options and related policy changes be health-positive or health-neutral. Any revenue option that has the potential to exacerbate or cause negative health consequences - that will, in effect, add to public health and health care costs – should be off the table and at the very least, must be the option of last resort. A guiding principle we further recommend the state adopts is: revenue proposals should not require substantial state or local government investment (i.e. expansion of public workforce, capital investment) to implement.

Sugar sweetened beverages (SSB) contribute to rising obesity and diabetes incidence. These drinks are a leading source of added sugars in the American diet.1 According to the Centers for Disease Control and Prevention (CDC), "Frequently drinking sugar-sweetened beverages is associated with weight gain/obesity, type 2 diabetes, heart disease, kidney diseases, non-alcoholic liver disease, tooth decay and cavities, and gout, a type of arthritis. Limiting the amount of sugar-sweetened beverage (SSB) intake can help individuals maintain a healthy weight and have a healthy diet." [2,3,4,5]

In youth, higher intake of SSBs is most often found among boys, adolescents, non-Hispanic blacks, and youth living in low-income families. 6,8 In the adult population, higher SSB intake is primarily found among males, young adults, low-income adults, non-Hispanic blacks, and Mexican American adults. 7,8 African American, Hispanic, and other low-income minorities face higher burdens of heart disease, stroke, type 2 diabetes, and other chronic illnesses.9

A potential solution to this health disparity is a sweetened beverage tax, which may reduce the consumption of sugary drinks in vulnerable populations. In recent years, 40 countries, including France, Hungary, Mexico, and the United Kingdom, as well as some localities in the US, have adopted sugary drink taxes. This tax has helped raise revenues to support public health initiatives and workers. Taxing sugary drinks for volume has been the most frequently used method of SSB tax, but taxing based on added sugar content broadens the potential impact by targeting a wider range of beverage options. Implementation of the tax can be done flexibly by setting up tiers of added sugar levels or taxing distributors of sugary drinks, similar to how some states already tax wines and spirits. Different approaches law makers can take include:

• Taxing drinks based on amount sugar content. (Tiers) Hungary and the United Kingdom both passed sugary drink taxes with this approach

• Taxing all sugary drinks to raise revenue for other community programs that help to promote health in various ways. -The approach taken by some U.S cities (Philadelphia, Berkeley)

• Only taxing sugary drinks that have the highest sugar content to reduce economic burden - This strategy was mentioned to reduce the economic impact on lower income families

Taxing sugar content is seen as having the best chance to reduce consumption of SSBs based on studies that have shown this method would be more selective in targeting drinks that have higher sugar content, compared to other methods. Excise taxes on manufacturers and/or at value added points in the supply change are the most frequently used tax internationally, with 35 countries using a specific excise tax (based on volume/sugar content) or an ad valorem tax (% of wholesale or retail price). Of the 40 countries with SSB taxes, 10 used a tiered tax approach.

A 2020 review by the World bank10 on the effectiveness of SSB taxes found that overall, taxes work in reducing consumption and improving population health by:

• Deterring purchases of SSBs due to price increases;

• Raising public awareness;

• Incentivizing industry responses such as product reformulation or other responses that reduce sugar intake; and

• Generating revenue which may be directed towards programs that improve health

Results from some Localities/Countries that have passed SSB taxes:

- *Berkeley, CA* – Generated 1.5 million dollars in revenue which went to the city school district and other health related programs.

- *Philadelphia, PA* – Generated more than 200 million dollars in tax revenue since 2017. Funding was used to build parks and support healthy initiatives. Philadelphia saw a 38% decrease in soda sales throughout the city.
- *Cook County, Illinois* – From August 2017 to November 2017, 62 million dollars in tax revenue was raised and the county saw a 21% percent decline in consumption. The tax was repealed a few months later.
- *Hungary* – 200 million euros were raised in the first four years after implementing SSB taxes. These funds were used to for a 25% wage increase for nearly 95,000 healthcare workers. Healthcare workers in turn continued to advocate and promote the significance of a healthy diet.
- *Mexico* – Implemented a one peso per liter sugary drink tax in 2014 and saw an average reduction of 7.6% in purchases per year for taxed beverages. They also saw a 2.1% increase for the purchase of water in lower income areas.

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Sugar Sweetened Beverage Tax Resources:

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