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Re: Philadelphia's Sugary Drinks Tax

Dear Senator Wagner,

Thank you for the opportunity to share written testimony for your Local Government Committee's hearing on Philadelphia's new tax on sugary drinks. As I cannot attend in person, I am submitting my testimony here as a letter to lend our public health expertise and our review of the successful taxes on sugary drinks across the country. This is a particularly timely hearing as two court rulings – the most recent coming from the 7-member Commonwealth Court panel with a 5-2 ruling June 14 – have now concluded that the tax in Philadelphia is in accordance with all relevant laws and regulations.

Healthy Food America (HFA) provides non-partisan technical assistance related to nutrition and healthy food policy to address the epidemics of type 2 diabetes, obesity, and other diseases related to the consumption of sugar-sweetened beverages.

A review of recent data

The facts related to the consumption of sugar-sweetened beverages are clear. Drinking just one 12-ounce can of soda a day can increase your chance of getting type 2 diabetes by 25%.¹ Sugar sweetened beverages are the largest single source of added sugars in the American diet and contain little or no nutritional value.² Numerous studies in adults and youth link the consumption of sugar-sweetened beverages with weight gain, obesity, type 2 diabetes, poor oral health, and heart disease.^{3,4}

Studies on the various impacts following the implementation of a tax on sugary drinks are also now available from Philadelphia and Berkeley. Their findings are helpful in addressing concerns regarding the potential for job loss or higher consumer grocery costs raised by the soda industry. In Berkeley, a study covering the first year of tax implementation found – after analyzing 15.5 million grocery transactions – that there was no significant change in consumer grocery bills.⁵ People simply purchased different and healthier beverage products that are not subject to the sugary drinks tax. This is good news for consumers – especially from low-income communities – as well as business owners concerned about how a tax on sugary drinks would impact their store revenues. Additional data from the City of Berkeley shows that food sector jobs have increased by 7% and food sector revenue by 15% since the tax was implemented.¹⁵ And data from just last week out of Philadelphia's Department of Revenue shows that "wage-tax collections from beverage-related businesses actually rose in the first three months of 2017 after the tax began, compared with a year earlier."⁶

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It is disheartening that the soda industry continues to produce misinformation and threats – much like the tobacco industry when it faced regulations to address the clear public health impacts of its products. For example, the soda industry has often threatened that jobs will disappear following the implementation of sugary drinks taxes. Setting aside the fact that they are threatening to reduce their workforce while still having the ability to spend millions of dollars on political campaigns, advertising efforts, and aggressive court battles to block taxes on sugary drinks, the soda industry has failed to provide any evidence that job loss actually occurs as a direct result of the taxes. Any job loss figures that are cited by the soda industry are easily tied instead to its global market strategy and changing demand for its products, not to a local tax.⁷

Benefits of sugary drinks taxes are already evident

Taxes on sugary drinks improve public health, as well as provide important revenue for proven programs and initiatives. As of March, Philadelphia's tax has already created 251 jobs in the city's early learning programs. A Harvard model found that Philadelphia's tax will reduce the rate of annual new cases of type 2 diabetes by 7% and reduce the obesity rate by 14,300 individuals per year. While increasing the quality of life for tens of thousands of people, this will also result in an estimated health care cost savings of \$76.8 million.⁸ In Seattle, whose City Council just adopted a tax on sugary drinks to go into effect January 2018, revenues will support initiatives to improve access to healthy food for low income people and to increase resources for early learning and K-12 education programs.

Further, Philadelphia's approach to implementation of a sugary drinks tax is viewed by other cities around the nation that are considering or about to implement a tax of their own as an exemplary model that has fielded admirable community outreach and engagement of retailers and distributors through the provision of information and resources to comply with the tax. Philadelphia's leaders and government officials have been very generous in offering their experience as a resource for their counterparts in other cities. Across the country, we look forward to building on the leadership that Philadelphia has already demonstrated.

Why sugary drinks taxes are needed and effective

Taxing sugary drinks to improve health is an approach that is gaining momentum across the US and around the world. Taxes will decrease consumption of sugary drinks, raise public awareness of the health effects of these beverages, and raise revenues to support healthy people and communities.

While taxes alone won't solve obesity or type 2 diabetes, evidence is mounting that taxes work and can be a powerful step toward saving lives and improving health. Mexico saw a 10% drop in sales of sugary drinks two years after its 2014 adoption of a 10% tax, while bottled water sales went up.⁹ In 2014, Berkeley, CA, became the first U.S. jurisdiction to adopt a tax on soda distributors, a penny per ounce. The tax has raised nearly \$4 million for healthy eating programs in schools, public health operations and community grants. Initial evaluation findings show a 21% decrease in consumption of taxed beverages among residents of low-income neighborhoods in Berkeley and a 10% decrease in sales overall.^{10, 16} A computer model developed by the Harvard School of Public Health shows that a once cent per ounce national excise tax in the United States would reduce the obesity rate among children by 1% and 1.4% among adults, reduce national health care costs by \$23 billion over 10 years, and generate \$12.5 billion in annual revenue.¹¹

Drinks with added, liquid sugar are uniquely harmful. They offer little or no nutritional value, are heavily marketed to children, and bypass the body's defenses against over-eating. Public health experts agree that taxing sugary drinks is one of the most effective and cost-effective policies to prevent childhood obesity.¹² The WHO, the American Heart Association and the Institute of Medicine recommend taxing them.^{13, 14}

Revenues from a sugary drinks tax can be used to educate the public about the health effects of sugary drinks and encourage healthy beverage consumption, support obesity and diabetes prevention in communities, and help people with diabetes gain better control of their condition.

This is a public health crisis, and policy leaders like you can take the lead to put forth innovative solutions to address the consumption of these drinks.

Thank you for considering our analysis of this issue.

Sincerely,



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¹ Malik VS, Popkin BM, Bray GA, Després JP, Willett WC, Hu FB. Sugar-sweetened beverages and risk of metabolic syndrome and type 2 diabetes: a meta-analysis. *Diabetes Care*. 2010 Nov;33(11):2477-83. doi: 10.2337/dc10-1079. Epub 2010 Aug 6. Review. PubMed PMID: 20693348; PubMed Central PMCID: PMC2963518.

² U.S. Department of Health and Human Services and U.S. Department of Agriculture. 2015 – 2020 Dietary Guidelines for Americans. 8th Edition.

³ Mozaffarian et al. Changes in Diet and Lifestyle and Long-Term Weight Gain in Women and Men *Engl J Med*. 2011 June 23; 364(25): 2392–2404

⁴ Schulze MB, Manson JE, Ludwig DS, et al. Sugar-sweetened beverages, weight gain, and incidence of type 2 diabetes in young and middle-aged women. *JAMA*. 2004; 292:927–34.

⁵ <http://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1002283>

⁶ <http://www.philly.com/philly/blogs/inq-phillydeals/even-with-soda-tax-phillys-food-and-beverage-wages-rose-in-1st-quarter-2017-20170612.html>

⁷ <http://www.coca-colacompany.com/stories/incoming-coca-cola-ceo-on-q1-earnings-and-how-the-company-is-acc>

⁸ http://www.healthyfoodamerica.org/raising_revenue_cutting_costs_saving_lives

⁹ Colchero MA, Rivera-Dommarco J, Popkin BM, Ng SW. In Mexico, Evidence Of Sustained Consumer Response Two Years After Implementing A Sugar-Sweetened Beverage Tax. *Health Aff (Millwood)*. 2017 Mar 1;36(3):564-571.

¹⁰ Falbe J, Thompson HR, Becker CM, Rojas N, McCulloch CE, Madsen KA. Impact of the Berkeley Excise Tax on Sugar-Sweetened Beverage Consumption. *Am J Public Health*. 2016 Oct;106(10):1865-71.

¹¹ Long MW, Gortmaker SL, Ward ZJ, Resch SC, Moodie ML, Sacks G, Swinburn BA, Carter RC, Claire Wang Y. Cost Effectiveness of a Sugar-Sweetened Beverage Excise Tax in the U.S. *Am J Prev Med*. 2015 Jul;49(1):112-23.

¹² Gortmaker et al. Three interventions that reduce childhood obesity are projected to save more than they cost to implement. *Am J Prev Med*. 2015;49(1):102–111.

¹³ Ending childhood obesity: a time for action. Nishtar, Sania et al. *Lancet*. 2016; 387: 825 – 827.

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- ¹⁴ Dan Glickman et al. Accelerating progress in obesity prevention: Solving the weight of the nation / Committee on Accelerating Progress in Obesity Prevention, Food and Nutrition Board, Institute of Medicine of the National Academies. CDC website, Early Care and Education (ECE):<http://www.cdc.gov/obesity/strategies/childcareece.html>
- ¹⁵ <http://www.phi.org/resources/?resource=berkeley-soda-tax-boosts-jobs-revenues>.
- ¹⁶ Silver LD, Ng SW, Ryan-Ibarra S, Taillie LS, Induni M, Miles DR, Poti JM, Popkin BM. Changes in prices, sales, consumer spending, and beverage consumption one year after a tax on sugar-sweetened beverages in Berkeley, California, US: A before-and-after study. PLoS Med. 2017 Apr 18;14(4):e1002283.