



October 17, 2017

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OPPOSITION for PHILADELPHIA SUGAR SWEETENED BEVERAGE TAX.

To: The Hon. Scott Wagner, Chair, The Hon. Jon Blake, Minority Chair, The Hon. Scott Martin, Vice-Chair, The Hon. Joseph B. Scarnati III, Ex-Officio, and the members of Senate Local Government Committee.

I'm going to start by talking about ShopRite's long commitment to Philadelphia:

My family owns and operates **SIX** ShopRite stores and **ONE** The Fresh Grocer store in the city, and we employ approximately **1,500** union workers through our company, Brown's Super Stores, Inc.

And I am not alone.

- There are a total of 13 ShopRite stores in the city and collectively OUR ShopRite stores in Philadelphia employ close to **3,200** associates.
- These ShopRite stores, like mine, are all family-owned and operated and they represent second, third and fourth generation grocers who are committed to this city and have a long history here. Seven families operate ShopRite stores here.
- My own great-grandfather came to Philadelphia as an immigrant and started his grocery business here, and for the last 30 years I've carried on my family's legacy by opening full service ShopRite supermarkets in Philadelphia with my company's stated mission of bringing joy to the lives of the people we serve.
- We've always been proud to serve this city and today I'm here representing all our ShopRite families in the city, their Philadelphia businesses, and the 3,200 ShopRite workers employed here – all of whom are being hurt by this beverage tax.

Let's talk about the numbers:

Thousands of Items Taxed

- The Philadelphia Beverage Tax is the largest of its kind in the nation and impacts nearly **4,000** items in our stores, and many of those beverages are **NOT** soda drinks. The thousands of products impacted include sports drinks, flavored waters and nutrient enhanced drinks – items like Kellogg's Special K Protein Shakes and Karma Wellness Water.

Falling sales

- The beverage tax has cut beverage sales by half at our 13 ShopRite stores in the city and created storewide sales drops that vary from 10 to a whopping 25 percent.
- In my six ShopRite stores alone, sales are down an average of 15 percent storewide.
- And my beverage sales are down nearly 60 percent since the tax took effect in January.
- We know that shoppers are going outside the city to buy their beverages and they are taking all their grocery dollars with them.

Lost opportunity

- The loss of sales in many of our stores in the city has been accompanied by a decrease in the need for cashiers to work at checkout and associates to pack out shelves.
- That means we are cutting back hundreds of work hours and not filling open positions.
- I have 210 fewer associate positions in my stores this year as a direct result of the beverage tax.
- And I'm not alone.
- This trend is happening at stores around the city.
- We all have less jobs, less opportunity to offer people because of this beverage tax.
- ShopRite's payroll taxes to the city are also down six percent so far this year, and we expect that number to continue to decline over time

What does this mean for the city?

No new investment

- Business owners will no longer be able to afford to invest in the city going forward because they are at a competitive disadvantage because of this tax.
- I also expect that the city will see full service supermarkets and other smaller stores leaving communities in the coming years. Neighborhoods that fought hard to bring full service grocery stores to the city could lose those stores and the access to healthy, fresh and affordable food.
- I've made it my mission to bring grocery stores to underserved communities for the last 30 years, and I'm proud of the work we've done.
- We've worked hard to help our customers beyond the grocery aisle by doing things like hiring local residents, offering free health services through our stores and even access to credit unions in store.
- Several of our stores also have community rooms for local organizations to host meetings, and just last month we helped bring a mobile unit offering free breast cancer screenings to our store in on Fox Street.
- My company was recognized as one of "The Best Places to Work" several years in a row by the *Philadelphia Business Journal* and has received recognition as a top employer in the region from *The Philadelphia Inquirer*, *Philadelphia Daily News* and *NJBiz*.
- And I'm not alone.
- The other families who own ShopRite stores in the city are active in their communities and they donate their time and resources to thousands of different charities and local organizations.
- This tax threatens to put some of these same supermarkets out of business, potentially creating a return to food deserts in some parts of Philadelphia.
- I'm asking the panel of Senators today to help us
- Let's not reverse 30 years of progress in ending food deserts in our city
- Let's work together to end this burdensome tax and increase opportunity and investment in our city.