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Re: Philadelphia's Tax on Sugary Drinks

Dear Senator Wagner,

Thank you for the invitation to share written testimony for your Local Government Committee's hearing on Philadelphia's tax on sugary drinks. As I cannot attend in person, I am submitting my testimony here as a letter to lend my public health expertise and my knowledge of taxes on sugary drinks across the country.

The nonprofit I direct, 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, heart disease and other diseases related to the consumption of sugar-sweetened beverages.

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

Revenues from a sugary drink 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.

Health experts agree that taxing sugary drinks is one of the most effective and cost-effective policies to prevent childhood obesity.¹ The World Health Organization, American Heart Association, American Medical Association, Institute of Medicine, and American Public Health Association all recommend taxing them.^{2,3,4,5} Thomas Frieden, immediate past director of the Centers for Disease Control and Prevention, said sugary drink taxes are "the single most effective measure to reverse the obesity epidemic."⁶

The scientific evidence regarding the negative health effects of sugary drinks is strong

The facts related to the consumption of sugar-sweetened beverages are clear. Drinking just one 12-ounce can of soda a day increases the chances of getting type 2 diabetes by 26%.⁷ Sugar sweetened beverages are the largest single source of added sugars in the American diet and contain little or no nutritional value.⁸ 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 and liver disease.^{9, 10} 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.

Benefits of sugary drinks taxes are already evident: people are consuming healthier beverages

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 percent drop in sales of sugary drinks two years after its 2014 adoption of a 10 percent tax, while bottled water sales went up.¹¹ 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

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\$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, while sales of water are up.^{12,13} In coming years, these decreases in consumption will lead to declines in obesity, diabetes and the other chronic conditions associated with sugary drinks. A computer model developed by the Harvard School of Public Health shows that a one cent per ounce national excise tax in the United States would reduce the obesity rate among children by 1% and 1.4% among adults (a substantial decrease from a single intervention addressing a complex problem), reduce national health care costs by \$23 billion over 10 years, and generate \$12.5 billion in annual revenue.¹⁴ The model found that Philadelphia's tax will reduce the rate of annual new cases of type 2 diabetes by 7 percent 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

Benefits of sugary drinks taxes are already evident: tax revenues are addressing community needs

Taxes on sugary drinks improve public health while providing important revenue for proven programs and initiatives. Philadelphia's tax invests in the economic and educational future of the city, especially in communities hardest hit by the health conditions sugary drinks cause. To date, the tax has funded 2,000 quality pre-K seats with another 4,500 on the way. That has led to over 250 new jobs so far in the city's early learning programs. The tax funds eleven community schools supporting 6,000 students. In the next three years that funding will expand to cover 25 schools. Rebuild, the city's investment in repairing deteriorating parks, rec centers, and libraries, also is funded by the tax. These refurbished public structures promise to increase nearby property values and create more opportunities for businesses owned by women, minorities and people with disabilities to apply for building and repair contracts.

No evidence that taxes are associated with job loss or grocery bills

Studies on the impacts of a tax on sugary drinks on economic impacts are now available from Berkeley and Mexico. The findings are helpful in addressing concerns regarding the potential for job loss or higher consumer grocery costs, which are frequently 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.¹⁵ People simply purchased different and healthier beverage products that are taxed. This is good news for consumers – especially those with lower incomes – 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 has *increased* by 15% since the tax was implemented.¹⁶ Data out of Philadelphia's Department of Revenue shows that wage-tax collections from beverage-related businesses actually rose in the first six months of 2017 after the tax began, compared with a year earlier, even outpacing the overall six-month growth for all industries.¹⁷ Findings just published in September 2017 concluded that Mexico's tax on sugary drinks and junk food had no impact on food and beverage sector jobs, or on overall national unemployment rates.¹⁸

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 drink taxes. Setting aside the fact that they threaten to reduce their workforce while still having the ability to spend millions of dollars on political campaigns, advertising efforts, and 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. Job loss figures that are cited by the soda industry are tied instead to its current business strategy and changing demand for its products, not to a local tax.¹⁹

Philadelphia's tax is a model for the nation

Philadelphia's approach to implementation of a sugary drink tax is viewed by other cities around the nation as an exemplary model, one 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.

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 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.

² Ending childhood obesity: a time for action. Nishtar, Sania et al. *Lancet.* 2016; 387: 825 – 827.

³ 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>

⁴ American Medical Association. <https://www.ama-assn.org/sites/default/files/media-browser/public/about-ama/councils/Council%20Reports/council-on-science-public-health/a12-csaph5-sugartax.pdf>

⁵ American Public Health Association, 2012. <https://www.apha.org/policies-and-advocacy/public-health-policy-statements/policy-database/2014/07/23/13/59/taxes-on-sugar-sweetened-beverages>

⁶ Frieden, TR et al. *Health Affairs*, **March 2010** vol. 29 no. 3 **357-363**

<http://content.healthaffairs.org/content/29/3/357.long?related-urls=yes&legid=healthaff;29/3/357>

⁷ 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.

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

⁹ 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

¹⁰ 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.

¹¹ 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.

¹² 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.

¹³ 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.

¹⁴ 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.

¹⁵ <http://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1002283>

¹⁶ <http://www.phil.org/resources/?resource=berkeley-soda-tax-boosts-jobs-revenues>

¹⁷ <http://www.philly.com/philly/blogs/inq-phillydeals/even-with-soda-tax-phillys-food-and-beverage-wages-rose-in-1st-quarter-2017-20170612.html> and the City of Philadelphia

¹⁸ Guerrero-Lopez, CM, et al. Employment changes associated with the introduction of taxes on sugar-sweetened beverages and nonessential energy-dense food in Mexico. *Preventive Medicine*, Sept 2017.

<http://www.sciencedirect.com/science/article/pii/S0091743517303249?via%3Dihub>

¹⁹ <http://www.coca-colacompany.com/stories/incoming-coca-cola-ceo-on-q1-earnings-and-how-the-company-is-acc>