

Policy Profile: San Francisco, CA

Sugary Drink Tax



In November 2016, San Francisco voters passed an excise tax on sugary drinks on the second try.

How the Tax is Applied

San Francisco requires distributors to pay an excise tax of one cent per ounce on all beverages containing added caloric sweeteners (sugars) with at least 2 calories per fluid ounce.

Exception for small businesses: Beverages distributed to retailers with less than \$100,000 annual gross receipts are not subject to the tax.

Exempted beverages: milk products, infant formula, beverages for medical use and meal replacement, 100% fruit or vegetable juices, and alcohol (already taxed).

Revenue Use

The estimated \$15 million in annual revenue will be deposited into the city's general fund. An advisory committee will submit an annual report evaluating the impact of the tax on beverage prices, consumer purchasing behavior, and public health, and make recommendations on programs to reduce the consumption of SSBs.

Expected Health Benefits¹

- Over the next decade, 3,750 cases of obesity will be prevented and \$36 million will be saved in health care costs.
- Incidence of diabetes will decrease by 4% (during first year after tax takes full effect).

Campaign Spending

- **Proponents:** The *Yes on V* campaign was run by the San Francisco United to Reduce Diabetes coalition, comprising community leaders, public health professionals, elected officials, parents, and citizens. The campaign spent just over \$12 million, with major donations from Bloomberg Philanthropies and the Action Now Initiative.
- **Opponents:** The *No on V is Enough is Enough: Don't Tax Our Groceries* campaign was run by the American Beverage Association, spending an estimated \$22.5 million to oppose the tax.

Tax Rate

- 1 cent/ounce
- Paid by distributors of drinks

What is Taxed

- Sugary drinks: soda, energy and sports drinks, sweetened ice teas and coffees, sweetened juice.

Expected Revenue

- \$15 million per year

Revenue Use

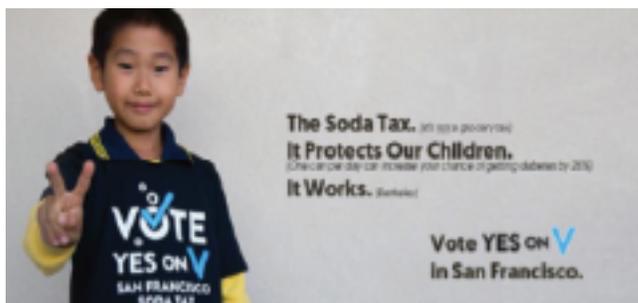
- A Community Advisory Board will advise City Council on allocations to reduce impact of sugary drink consumption.

SAN FRANCISCO AT A GLANCE

- Population: 805,235²
- African American: 6.1%
- Asian/Pacific Islander: 33.7%
- Latino or Hispanic: 15.1%
- White: 41.9%
- Under age 18 years: 13%
- Below poverty level: 12%
- 31.7% of youth are obese or overweight.³
- 3.6% of adults age 18 or older are diagnosed with type 2 diabetes⁴

Cost of Diabetes: \$87 million for direct and indirect diabetes care costs.⁵

Produced by Healthy Food America, which works to reduce the prevalence of added sugars in the American diet, by promoting policy and changing industry practice.



Yes on Prop V: Main Messages

- The Soda Tax Protects Our Children. It Works.
- It's a matter of life and death. Diabetes is preventable.
- Big Soda is targeting communities of color resulting in higher rates of disease.
- Big soda lies. Our children pay. Don't be fooled.
- Proposition V will fund programs to address the devastating problems caused by soda.

Results

On November 8th 2016, 62% voted in favor of soda tax. Implementation date: July 1, 2017.

No on Prop V: Main Messages⁶

- The grocery tax will raise prices on all groceries, not just beverages.
- The tax would hurt low-income and hardworking families. San Francisco is already expensive—we don't need taxes that make it unaffordable to raise a family.
- No guarantees regarding how the money will be spent.
- The grocery tax will disproportionately hurt small retailers.
- Tax will have no impact on obesity and diabetes.

What Worked in San Francisco

While each community is unique, here are some lessons learned from San Francisco:

1. **Groundwork** was laid by an unsuccessful tax campaign in 2014, signature gathering for the 2016 ballot measure, and ongoing community education by the health department.
2. The 2016 coalition made a **place at the table for communities of color** and emphasized **recruiting and training new leaders and campaign volunteers**.
3. **Leadership from two women of color**, Supervisor Malia Cohen and Campaign Manager Monica Chinchilla, were important leaders, and helped bring communities and voters on board.
4. **Political expertise and organizers**: Lead political consultant, Larry Tramutola, had experience in the 2014 Berkeley tax victory. Voter outreach plan included paid, trained organizers taking lead in voter dense districts.
5. The **experience and research from Mexico and Berkeley** helped to counter Big Soda arguments.
6. **Message: Tell the truth** – Benefits from the tax revenue, positive experience of Berkeley and Mexico, Big Soda targets communities of color and hurts health.
7. **Personal stories** of diabetes in families within the community. **This is a matter of life and death.** People of color are disproportionately dying from diabetes and heart disease; this is preventable.
8. Establishing the **Community Advisory Board** was critical to guarantee a community voice in funding allocation process to address concerns about how the money would be spent.
9. Use of **earned media, social media and media consultants** helped create an ongoing buzz.
10. **Community members and leaders are the best messengers** especially when the opposition is a rich corporation. Frame was the Health of Our Kids vs. Big Soda profits.
11. It was important to start **fundraising** early.
12. Took advantage of **online tools** to organize volunteers early on. Activate them when enthusiastic.
13. Important to **get message out** through local channels before Big Soda comes to town.
14. **Business outreach** was critical, early on.

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

2. <http://www.census.gov/quickfacts/table/AGE115210/06075>

3. http://www.phadvocates.org/wp-content/uploads/2016/04/Overweight-2010_CCPHA-Study_FINAL.pdf

4. Burden of Diabetes in California, California Department of Public Health, Sept 2014:

[http://www.cdph.ca.gov/programs/cdcb/Documents/FINAL%20Rpt%20\(1877\)%20DM%20burden%202014_9-04-14MNR3.pdf](http://www.cdph.ca.gov/programs/cdcb/Documents/FINAL%20Rpt%20(1877)%20DM%20burden%202014_9-04-14MNR3.pdf)

5. https://sfgov.org/elections/sites/default/files/Documents/BSC/2016%20Nov/08%20-%20Legal%20text_0.pdf

6. <http://donttaxourgroceries.com/faq.aspx>