

Policy Profile: Berkeley, CA

Sugary Drink Tax



In November, 2014, Berkeley, California became the first US city to pass an excise tax on sugary drinks.

Tax Amount and Type

Berkeley requires distributors to pay an excise tax of 1-cent-per-ounce on all beverages containing added caloric sweeteners (sugars).

- **Exempted beverages:** milk products, alcohol, infant formula, 100% fruit and vegetable juices, and beverages for medical use.

Revenue Use

The tax is bringing in \$1.2 million per year, which is deposited into the City's general fund. City Council, following recommendations from the Sugar-Sweetened Beverage Product Panel of Experts, has allocated a total of \$4.15 million to health programs to reduce sugary drink consumption and address its effects, including:

- More than \$2.16 million for school-based prevention efforts.
- Over \$1.7 million for health and nutrition education, diabetes prevention, and youth leadership training run by community-based organizations including the Ecology Center, the YMCA, Healthy Black Families, and Berkeley Youth Alternatives.
- \$308,000 for programs run by Lifelong Medical Care for the prevention of dental caries.

Proponents and Campaign Spending

- The campaign was run by the Berkeley Healthy Child Coalition, a diverse, grassroots group of parents, teachers, health professionals, community leaders, and residents. It was endorsed by every local, elected official.
- The campaign spent about \$927,000 in both cash and in-kind contributions.

Opponents and Campaign Spending

- Opposition spent at least \$2.4 million to oppose the measure. The main opponent was the American Beverage Association (ABA).

Results

- On November 4th, 2014, 76% voted in favor of the tax. The tax went into effect on March 1, 2015.

Tax Rate

- 1 cent/oz.

What is Taxed

- Sugary drinks: soda, energy and sports drinks, presweetened ice teas and coffees, fruit drinks

Revenue Raised

- \$2.5 million from March 2015 - January 2017.

Revenue Use

- Health and programs in schools and communities

More information

www.healthyberkeley.com

BERKELEY AT A GLANCE

- Population 118,800
- White: 60%
- Black or African-American: 10%
- Asian/Pacific Islander: 20%
- Latino: 10%
- 20% below poverty level
- Almost 40% of Berkeley's school children are overweight or obese

Visit www.healthyfoodamerica.org or email info@hfamerica.org for more information.

Results, continued

- **Sugary drink prices have gone up.** The tax was passed on from distributors to retailers, and after three months of implementation, sugary drink retail prices in Berkeley increased more than in nearby cities. One year after implementation, the tax was fully passed on to consumers for sodas (with an average pass-through of 67% across all SSBs). For example, the price of an average 20-ounce soda increased by 21 cents to \$1.96.
- A survey of residents in Berkeley's low-income neighborhoods found a **21% drop in consumption of sugary drinks** in the months following implementation of the tax.
- **Sales of taxed beverages fell by 9.6% while sales of untaxed beverages (e.g., bottled water) rose by 3.5%.** One retail chain (Dollar Tree) even discontinued selling sugary drinks altogether.



Highlights

- In November, 2014, Berkeley, California waged a battle against Big Soda and won, making the city the first in the nation to pass an excise tax on sugary drinks, and paving the way for other US cities to follow its example.
- Revenues go to the general fund, but the measure created a panel of experts in child nutrition, health care, and education to advise the City Council on how to fund programs to improve child health.
- Proponents organized a strong grassroots campaign.
- Strategically-named "Berkeley vs. Big Soda," the campaign began in November of 2013 with the formation of the Berkeley Healthy Child Coalition. The coalition was run by a campaign manager, with two prominent Berkeley residents as co-chairs.
- Field staff and community volunteers went door-to-door to talk to voters, and gathered near-unanimous endorsements from health, community, education, and political organizations; the School Board; grocers and restaurateurs; and all nine members of the Berkeley City Council.

"We have already inspired people around the country — if our tiny city of 100k can take on the industry, so can other cities!"

Tweet by a supporter

Yes on Measure D: Main Messages

- **Health crisis:** 1 in 3 kids (40%) will get diabetes in their lifetimes unless we do something about it. Soda is the primary driver of this epidemic.
- **Big Soda responsibility:** Sugary drinks are the #1 source of added sugars and Big Soda targets children with marketing. Big Soda is using the same tactics as Big Tobacco.
- **We can do something:** Tax is only on sugary drinks, and is paid by distributors. This is NOT a tax on consumers or on retailers.
- Revenue can be used to promote healthy kids in Berkeley, including the cooking & gardening program in our schools.
- Yes on D, Berkeley vs. Big Soda.

No on Measure D: Main Messages

- Measure D is hiding behind loopholes & exemptions.
- Measure D has arbitrary and confusing exemptions, it's inconsistent.
- A tax won't make anyone healthier, only diet and exercise can do that. Diabetes and obesity are complex issues that won't be solved by singling out any one type of food or beverage.
- Higher taxes and regulations are no substitute for personal responsibility.
- The tax will make it more expensive to live in the Bay Area,

What Worked in Berkeley

Each community has unique circumstances that dictate how it will frame and design its campaign. Here are some lessons learned from Berkeley:

1. Begin early and **soften the ground** with education.
2. Focus the campaign on **children's health** and the future.
3. Use **social media** and stick to key messages.
4. **Involve those communities which are most affected** by diabetes, obesity, heart disease, and dental disease, in the campaign.
5. Be **prepared for opponents** to fight hard.
6. Have a well thought-out **implementation plan** in place.

Please contact HFA for citations. Last updated May 2018.

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.

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