

# Policy Snapshot: Sugary Drink Tax



More and more places are turning to taxes on sugary drinks to counter the health risks from a harmful product, reduce the amount people are consuming, and raise revenue to help their communities.

## Sugary drinks are harmful

- Scientific evidence now has clearly established that sugary drinks harm health, contributing to our alarming rates of diabetes,<sup>1</sup> obesity,<sup>2</sup> heart<sup>3</sup> and liver disease,<sup>4</sup> and cavities.<sup>5</sup>
- Sugary drinks have no nutritional value but are the #1 source of added sugars in our diet, representing almost half (46%) of all added sugars we consume.<sup>6</sup>
- Sugar delivered in liquid form bypasses the body's defense against consuming too many calories: sugary drinks don't make you feel full.<sup>7</sup>

## A tax on sugary drinks can help:

- **Raise revenue for important programs** like healthier food in schools, initiatives to prevent diabetes and other chronic diseases, education campaigns about sugary drinks and healthy eating, and universal pre-K.
- **Target investment of revenues in low-income communities disproportionately affected** by health conditions caused by sugary drinks.
- **Reduce the rates of, and curb rising costs** from preventable chronic diseases.
- **Increase awareness** about the harmful effects of sugary drinks and shift sales to healthier products.
- **Discourage consumption of sugary drinks** by raising their prices.
- **Encourage industry** to produce and promote healthier beverage options.

## Why do we drink so much, and why is soda cheaper than water?

Big Soda spends big on marketing, and it pays off. Half of U.S. adults and almost two-thirds of youth consume at least one sugary drink on any given day.<sup>8</sup> Americans consume an average of 50 gallons per year.<sup>9</sup> The beverage industry markets these beverages relentlessly, **especially to children**. Beverage companies spent \$866 million marketing sugary drinks in 2013<sup>10</sup> alone. The industry makes sure sugary drinks are available everywhere and that they are inexpensive—often cheaper than plain bottle water.

## Sugary drinks take a greater toll on people of color

Beverage companies target these communities with intensive marketing.<sup>11</sup> In 2013, black children and teens saw more than twice as many TV ads for sugary drinks and energy drinks than with white children and teens. 74% of African-American teens consume sugary drinks every day, versus 64% of white teens. Hispanic teens are also more likely to consume sports drinks and energy drinks every day compared with white teens.<sup>12</sup>

“They sell more of their product in poor communities than elsewhere, and for generations none of that profit was passed on to those communities.”  
– Philadelphia Mayor Kenney (2016).

## How do the taxes work?

These are excise taxes collected from distributors of sugary drinks. They can be based either on volume (usually by ounce) or on the amount of sugar in a drink (grams or teaspoons). Many experts recommend the latter because it directly reflects the amount of harmful substance in the drink. See our guide, “Best Practices in Designing Local Taxes on Sugary Drinks” at [healthyfoodamerica.org](http://healthyfoodamerica.org).

The tax would apply to beverages with added sugar, including:

Sodas



Energy and sports drinks



Fruit-flavored drinks



Sweetened teas and coffee drinks



**How much tax?** Experts recommend increasing the price by at least 20%, which is around 2 cents per ounce or 0.5 cents per gram. Communities decide on a tax rate based on revenue and health needs while considering what is politically feasible.

**How much revenue will a tax raise?** A tax of just 1 cent per ounce will generate about \$44 per person per year. For a large city like Chicago, this would yield \$133 million. In a medium size city like Boston, it would raise about \$27 million. These funds can support local health, education and community projects.

**What places can adopt a tax?** All states and many cities and counties have the legal authority to impose a tax.

## Success Stories:

**Berkeley, CA:** A 1-cent per ounce tax raised \$1.5 million in the first year. An expert panel awarded grants to community groups like the YMCA and Healthy Black Families for health and nutrition outreach and education and to make fruit and vegetables more accessible to low-income communities.

**Philadelphia, PA:** A 1.5-cent per ounce tax (effective 2017) will yield up to \$400 million over five years to support universal pre-K, parks and recreation centers, community schools and more.

**Mexico:** A 10% tax raised \$2.6 billion (in USD) in national revenue over the first two years, while reducing overall soda consumption by 12%.<sup>13</sup>

To learn more about how taxes work and how to pass one in your city, county or state, visit [www.healthyfoodamerica.org](http://www.healthyfoodamerica.org), where you will find a roadmap for adopting a tax and guide to designing sugary drink taxes. Contact us for more information at [info@hfamerica.org](mailto:info@hfamerica.org) or 206.451.8196.

## REFERENCES

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