

Policy Profile: San Francisco, CA

Sugary Drink Tax



In November 2016, San Francisco voters passed a 1 cent/oz excise tax on sugary drinks.

Tax Amount and Type

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 tax is projected to raise \$15 million annually, which 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.

The advisory committee has recommended allocating funds to:

- \$4.68 million for community-based grants for health education, physical activity, and food access programs, and media/awareness campaigns (to be awarded through RFP process)
- \$1.5 million for school-based nutrition education and school food
- \$1.1 million for food access and healthy retail initiatives
- \$1 million for oral health, including school-based programs
- \$1 million for infrastructure improvements
- \$450,000 for water access in schools and public spaces
- \$520,000 for SF Parks & Recreation department

Expected Health Benefits

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

Tax Rate

- 1 cent/oz, paid by distributors of sugary drinks

What is Taxed

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

Estimated Revenue

- \$15 million per year

Revenue Use

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

More information

<http://sfgsa.org/sddtac>

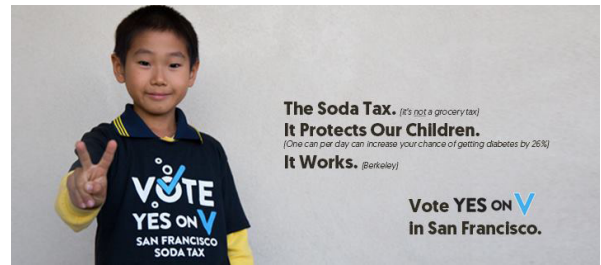
SAN FRANCISCO AT A GLANCE

- 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.
- 3.6% of adults age 18 or older are diagnosed with type 2 diabetes
- Cost of Diabetes: \$87 million for direct and indirect diabetes care costs.

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

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 campaign, *Enough is Enough: Don't Tax Our Groceries*, was run by the American Beverage Association, spending an estimated \$22.5 million to oppose the tax.



Results

- On November 8th 2016, 62% voted in favor of the tax. The tax was implemented on July 1, 2017.

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.

No on Prop V: Main Messages

- 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:** The lead political consultant had experience in the 2014 Berkeley tax victory. The voter outreach plan included paid, trained organizers taking the lead in high-priority districts.
5. The **experience and research from Mexico and Berkeley** helped to counter Big Soda's 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 the funding allocation process to address concerns about how the money would be spent.

What Worked in San Francisco, continued

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. Message framing 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 messages out** through local channels before Big Soda comes to town.
14. **Business outreach** was critical, early on.

Please contact HFA for citations. Last updated May 2018.

www.healthyfoodamerica.org | info@hfamerica.org