

Policy Profile: Oakland, CA

Sugary Drink Tax



In November 2016, Oakland—one of the most diverse cities in the country—passed a soda tax with 61% of the vote.

How the Tax is Applied

Oakland requires distributors to pay an excise tax of one cent per ounce on all beverages containing added caloric sweeteners (sugar) 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 \$11 million in projected annual revenue will be deposited to the city's general fund. A Community Advisory Board that includes public health, medical, and dental experts as well as parents and other residents, makes recommendations to the City Council about funding programs that improve children's health.

The advisory board has recommended allocating FY17 revenue for installation of hydration stations in Oakland Unified School District, Head Start locations, parks, and libraries; a community education and awareness campaign; as well as community grants for healthy food and water access initiatives and education about sugary drinks. Prior to the advisory board's formation, \$400,000 was allocated to youth workforce development programs.

Expected Health Benefits

- Over the next decade, 2,140 cases of obesity will be prevented and \$18.1 million will be saved in health care costs, according to Harvard's CHOICES report.
- Rate of diabetes will decrease by 4% (during first year after tax takes full effect).

Campaign Spending

- **Proponents:** The Yes on HH campaign spent \$10.5 million. Major donors included Michael Bloomberg, Action Now Initiative, California Dental Association, Kathryn Taylor, and the American Heart Association.

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

- \$11 million per year

Revenue Use

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

More information

<http://www2.oaklandnet.com/government/o/DHS/s/sugar-sweetened-beverage-community-advisory-board/index.htm>

OAKLAND AT A GLANCE

- Population: 390,9072
- Black/African American: 28%
- Asian/Pacific Islander: 17.4%
- Latino or Hispanic: 25.4%
- White: 25.9%
- Under age 18 years: 21%
- Below poverty level: 20%
- 43% of youth are obese (19%) or overweight (24%).
- Diabetes hospitalization rate: 1,133 per 100,000. Third highest in Alameda County.

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

- **Opponents:** The No on HH campaign spent \$7.5 million. All funds came from the American Beverage Association. This includes funding canvassers, recruiting local businesses, and mailings sent to Oakland residents. There was a significant online presence with paid ads on every platform.

Results

- On November 8th 2016, 61% voted in favor of the tax. The tax was implemented on July 1, 2017.

Yes on HH: Main Messages

- **Health crisis:** 1 of 2 children of color will develop diabetes within their lifetime.
- Sugary drink consumption leads to **diabetes, heart disease, dental decay.**
- Stand up for kids' health. A soda tax will **help kids drink less soda.**
- **Big Soda is telling big lies**, and targeting our kids.
- Berkeley's tax is working: studies show decrease in consumption (21%) and funding being used for community health and education programs.
- A soda tax is **predicted to raise \$7 million per year** which can provide programs and education that will help kids live healthier lives. [Note: \$7 million was the original estimated revenue]
- Won't add a penny to your grocery bill. **It's a soda tax...and only a soda tax.**

No on HH: Main Messages

- This is a **grocery tax**, that will raise prices on all groceries, not just beverages.
- The grocery tax is **regressive** and will hurt low-income families.
- There are no guarantees regarding how the money will be spent.
- The grocery tax will disproportionately **hurt small retailers.**
- **Oakland has higher priorities.**
- This is the **wrong approach** to solving obesity epidemic—taxes don't make people healthy, why single out beverages?

What Worked in Oakland

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

1. It was vital to build a **strong and diverse coalition with leadership that the community knows and trusts.** A core group of health advocates, faith leaders, elected officials and leaders representing diverse communities joined by spring 2016.
2. **Political expertise and organizers:** Having a political consultant with experience in Berkeley's sugary drink tax campaign was a huge asset in strategizing and running the campaign. It was also critical to have paid, trained organizers.
3. Oakland residents were exposed to **health messages about sugary drinks** through educational programs in schools, faith-based organizations, and public health department programs (Rethink Your Drink).
4. **Early signed endorsements** from health leaders, elected officials and leaders of color are critical. Endorsements included: Asian Health Services, 100 Black Men, and the president of Oakland's NAACP chapter.
5. Utilized **community relationships and trusted people** to spread the word, one-on-one.
6. Focused messages on health, **Big Soda marketing to people of color**, and what funding can do.
7. Established the **Community Advisory Board** to guarantee a community voice in funding allocation process to address concerns about how the money would be spent.
8. **Media** – used earned media, social media, and media consultants to help create ongoing buzz.
9. **Fundraising** early was important.
10. Took advantage of **online tools** to organize volunteers early on. Activated them when enthusiastic.
11. Important to **get messages out** through local channels before Big Soda came to town.
12. **Business outreach** was important early on, before Big Soda reached them.

Please contact HFA for citations. Last updated May 2018.