

Centering Equity in Sugary Drink Tax Policy: Research Agenda

There is a growing body of research describing the effects of sugary drink taxes on beverage prices, sales and consumption.¹⁻⁹ However, this research has not yet adequately described tax implementation and impacts from an equity perspective.

Specifically, do tax effects differ by race or socioeconomic status, what are the economic impacts of taxes, are revenues being invested in activities in marginalized communities to promote equity, how are these activities benefiting communities, and are decisions about tax design and revenue allocations being made equitably?

Healthy Food America and The Praxis Project, funded in part by Voices for Healthy Kids,^a convened a **Tax Equity Workgroup**^b to develop recommendations on how to center sugary drink taxes on equity, including identification of research questions focused on tax equity. The Workgroup also developed recommendations for equitable sugary drink tax policy design. To guide its process, the Workgroup collaboratively developed a shared **values statement**:

The Tax Equity Workgroup values sugary drink tax policies that provide sustainable sources of support for building health equity and social justice, community capacity and agency, and that hold food and beverage corporations accountable for the harms they bring to communities.

These recommendations and a technical report (which describes how the Workgroup developed the recommendations) are available at [Healthy Food America](#).

The Workgroup generated many research questions about the equity-related impacts of taxes. Members then ranked each question based on a scale of least important to most important. The rankings were compiled. The following table lists all the questions. Those in the top quartile of the

Equity

Equity is achieved when everyone has a fair and just opportunity to thrive, regardless of race, identity, economic class or other group characteristics. Equity emphasizes fairness in process and equality in outcomes and seeks to transform inequitable social structures, unhealthy community environments, and systemic biases that have led to the current conditions. The vision and process for achieving equity is centered in community.

Impacted Community

An impacted community is one experiencing inequities in health conditions associated with sugary drinks.

These inequities are caused by adverse community conditions shaped by racial and ethnic discrimination and by social, political and economic exclusion, and are exacerbated by exposure to sugary drinks.



^a Voices for Healthy Kids is an initiative of the American Heart Association.

^b The Innovation, Equity and Exploration Tax Equity Workgroup.

ranking and several additional questions that were identified as priorities at a subsequent Workgroup meeting are noted in bold font.

The Workgroup hopes that researchers, evaluators and funders will address these questions, working in partnership with community members to develop answers grounded in their lived experiences.

Beverage purchases

Among people with low incomes and people of color:

- **Do taxes change sugary drink purchases* and how do these changes compare to those observed among people with higher incomes and white people?**
- **Are there substitution effects? Are sales of healthier beverages increasing? Specifically, do sales of water change? Are sales of sweetened or other foods changing?**
- **Do purchases of sugary drinks change among people who have participated in programming supported by sugary drink taxes over and above any changes attributable to the tax itself?**
 - Does increased knowledge of the negative health effects of sugary drinks acquired through programming contribute to changes in purchases?
 - Do changes in health-related attitudes and self-efficacy acquired through programming contribute to changes in purchases?
- **What is the impact of the *activities* funded by the tax on sugary drink purchases?**
- Do sugary drink purchases change more among those with high baseline rates of consumption or purchases, such as youth and young adults?
- Do sugary drink purchases decrease due to changes in public awareness during tax campaigns (prior to any tax implementation)? Do any observed changes persist over time?

In neighborhoods whose residents are predominantly people with low incomes or people of color:

- **Do beverage prices, of both taxed and non-taxed products, change? Do changes vary by neighborhood race/ethnicity and socioeconomic composition?**
- Do taxes affect availability and promotion of sugary drinks and healthy beverages?

(**purchases* refers to both purchases and sales)

Beverage consumption

Among people with low incomes and people of color:

- **Do taxes change sugary drink consumption and how do these changes compare to those observed among people with higher incomes and white people?**
- **Are there substitution effects? Is consumption of healthier beverages increasing? Specifically, does consumption of water change? Is consumption of sweetened or other foods changing?**
- **Does sugary drink consumption change more among those with high baseline rates of consumption, such as youth and young adults?**
- **What is the impact of the *activities* funded by the tax on sugary drink consumption?**
- Does sugary drink consumption decrease due to changes in public awareness during tax campaigns (prior to any tax implementation)? Do any observed changes persist over time?
- Does consumption of sugary drinks change among people who have participated in programming supported by sugary drink taxes?

- Does increased knowledge of the negative health effects of sugary drinks acquired through programming contribute to changes?
- Do changes in health-related attitudes acquired through programming contribute to changes?

Knowledge, attitudes and beliefs

- **Do people of color and people with low incomes support sugary drink taxes (before and after implementation)? What concerns do they have? How does the degree of support compare to that among white people and people with higher incomes? What factors affect support and opposition?**
- Do attitudes and beliefs about sugary drink and water consumption change because of exposure to the tax campaign and/or to tax-funded programs? Specifically, are there differences in changes across income or racial/ethnic groups?
- What do people know about the tax? How does this knowledge affect support for the tax?
- How does the tax affect trust that the government will honor commitments made to communities (accountability)? Specifically, do people think that tax revenues are being spent as promised?
- Are there differences in knowledge, attitudes, trust, and beliefs across income or racial/ethnic groups?

Health impact

- **What is the amount of change in purchases or consumption needed to make a meaningful impact on health outcomes among people of color and people with low incomes?**
- **What is the impact of the *activities* funded by the tax among people of color and people with low incomes on health outcomes and disparities, community conditions and infrastructure associated with preventable chronic diseases, and community capacity and power to address these issues?**
- Do taxes change health outcomes and health care utilization at the neighborhood level among people of color and people with low incomes?
- What amount and types of investments are needed to make a meaningful impact on health outcomes among people of color and people with low incomes? How do these requirements differ from those needed to improve outcomes among other racial/ethnic and income groups?
- Do other community health promotion activities or policies (e.g., access to water) have additive or synergistic effects when combined with sugary drink taxes among people of color and people with low incomes?

Economic impact - individuals

- **How much are people of color and people with low incomes paying in sugary drink taxes (both actual dollars and as percentage of household income)? How does this compare to taxes paid by people with higher incomes and white people?**
- How much are people of color and people with low incomes spending on sugary drinks (price + tax) before and after tax implementation (both actual dollars and as percentage of household income)? How does this compare to amounts paid by people with higher incomes and white people?

Economic impact - community

- **What is the allocation of tax revenue by neighborhood compared to the tax burden by neighborhood? How do allocation and burden vary by racial/ethnic and socioeconomic neighborhood composition?**
- **What is the impact of taxes on local businesses, especially those owned by people of color?**
 - Does impact vary by size of business?
 - How much does cross-border shopping contribute to any observed effects?
 - What can small store owners teach us about impacts on their businesses (using qualitative research methods)?
 - Can taxes support store owners in making a transition to selling healthier products?
- **What is the impact of taxes on employment among people of color and people with low incomes?**
 - What types of jobs are being created/lost overall and in sectors most directly linked to sugary drinks such as food retail and distribution?
 - What types of jobs are created specifically by taxes and who is employed in these positions? Are people from impacted communities being employed?

Tax design and adoption

- **What elements of current tax policies, as contained in adopted tax legislation, address and promote equity? How do they compare to the Tax Equity Workgroup recommendations?**
- **Who from impacted communities is involved in tax adoption? What roles do they play? How much power and influence do they have? How does the extent of community involvement affect tax design and adoption?**
- What are the equity implications of which beverages are taxed (e.g. are some types of beverages more heavily consumed by people with low incomes leading to greater tax burden)? How does the choice of taxed beverages affect support for the tax?
- Do the equity effects of taxes vary with the level of jurisdiction (local, state, or federal level)?
 - How can communities have a meaningful role in shaping revenue allocations with a state-level tax?
- What are the equity benefits and disadvantages of ballot vs. legislative pathways to tax adoption?

Tax implementation: communication

- How has information about the tax been shared with the community and businesses? Who has received this information?
- How does sharing information about the tax influence knowledge, attitudes, and beliefs about the tax?

Tax implementation: revenue allocation

- **How are impacted communities involved in decisions about tax revenue allocation and at what stage in the tax policy process (e.g. tax design, adoption, implementation)?**
 - Who is involved?
 - What roles do they play?
 - What structures and processes are used to involve community (e.g., community advisory boards - CABs)?
 - Who is represented on CABs and how does CAB composition affect its decisions and influence on allocation decisions?

- How much power and influence do they have?
- Does participation build or increase community power?
- How does the extent of community involvement affect tax revenue allocation?
- How does community involvement vary across jurisdictions?
- **Are the objectives, activities, focus populations, and outcomes of programs supported by tax revenues:**
 - Aligned with the legislative intent of the tax?
 - Aligned with values and priorities of communities impacted by sugary drinks and health inequities?
 - Equity-centered?
- How does the process for tax allocation (both in statute and evolving practice) vary across cities with taxes, specifically with respect to aspects that promote equitable allocations?
- To what extent are community-based organizations (CBOs), especially those led by and serving people of color, receiving tax revenue allocations and implementing activities funded by revenues?
 - What types of activities are they engaged in?
 - Do they have access to the support they need to successfully compete for tax revenues (through grants) and to implement tax-funded activities?
 - What processes are being used or could be used to further equitable allocation of revenues, such as community RFPs?
 - Does receipt of revenues contribute to CBO fiscal viability and stability?
 - What type of CBOs are funded (e.g., those that have received prior city funding? Those that are politically connected? Those that are larger and better established?)
 - What proportion of revenues are allocated to CBOs? To government agencies and departments?

Industry practices

- **What proportion of industry revenue comes from communities of color? From low income communities?**
- Do taxes affect industry marketing practices?
 - Specifically, do they reduce or otherwise influence marketing that targets low income communities and communities of color?
 - Do they affect in-store marketing, such as product placement, in-store promotions, etc.?
- What charitable donations or community benefits does the soda industry provide to communities (e.g., scholarships, sponsorships, etc.)? How do they use them to shape beverage policies, especially taxes?
- How do the types of industry-supported activities and level of funding compare to those funded by tax revenues?

Other

- **Are there other negative, unintended consequences of sugary drink taxes for people of color and people with low incomes?**
- What do we know about equity impacts of tobacco and alcohol taxes? What lessons are applicable to sugary drink taxes?
- How else have impacted communities been involved in tax implementation beyond tax revenue allocation (e.g., informing community about tax, defending tax)?

Tax Equity Workgroup

The Workgroup was comprised of leading community, professional, and academic experts working at the forefront of tax policy design, adoption, implementation, and evaluation. Workgroup members are champions for healthy communities and equity. Organizations are listed for identification purposes only:

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